LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00245 1327

Implementing Forest Certification in British Columbia:

Issues and Options

---

prepared for

Trade and Sustainable Development Group
Policy and Economics Division
Ministry of Forests

by

Daryl Brown Associates Inc.
&
David Greer

Consultants in Natural Resources and Environmental Management

March 2001

102-04129/

British
Columbia

Dear reader:

Attached you will find the final report by consultants' Daryl Brown and David Greer on "*Certification Implementation/ Issues and Options*".

We are pleased to make this report available to the forest sector and wider public who have an interest in the emerging issue of forest management certification.

Certification of forest management is a new and evolving tool to encourage sustainable forest management. Certification is a market-based and non-regulatory tool that is based on voluntary third party assessments of a forest company's operations against one of a number of private, voluntary certification system standards.

The Ministry of Forests commissioned the *Certification Implementation/ Issues and Options* study in June 2000, in order to gain a thorough understanding of the certification implementation issues that companies, certifiers, environmental organizations, First Nations, small tenure holders, and many other stakeholders were identifying. The focus of this study was not geared to analyzing the certification systems or the various certification standards themselves. More narrowly, the consultants were asked to solicit views from as wide a selection of stakeholders as possible, on the roles government could take to enhance certification *implementation* in British Columbia.

The views expressed in the consultant's report are theirs. However, they are the product of a large number of submissions, interviews, and a *Roundtable* held on November 20th, 2000 on the draft findings presented at that time by the consultants. The consultants had the benefit of the input and participation of the *Minister's Advisory Committee on Certification*, among many others.

The government is pleased to receive the input from this report, and will review the report's findings and will consider the options suggested to further facilitate the effective implementation of certification in British Columbia. The report will also be received by the *Minister's Advisory Committee on Certification* for comment and consideration.

I want to express the Ministry's appreciation to the many individuals and organizations that took the time to give their input to this study.

Sincerely,

Bruce McRae, Assistant Deputy Minister, Policy and Economics, Ministry of Forests

Cc: Minister's Advisory Committee on Certification

Interministry ADMs' Committee on Certification (Ministries of Forests; Environment, Lands and Parks; Land Use Coordination Office, Green Economy Secretariat; Aboriginal Affairs).

Contributors to the Certification Implementation/ Issues and Options study.

TABLE OF CONTENTS

REPORT SUMMARY v

ABOUT THIS REPORT vii

LIST OF ABBREVIATIONS x

PART I — MAIN REPORT

1. CURRENT STATUS OF FOREST CERTIFICATION IN BC 1
- 1.1. HOW CERTIFICATION STARTED 1
- 1.2. DEVELOPMENT OF CERTIFICATION SYSTEMS 2
- 1.3. KEY PRINCIPLES AND CRITERIA OF CERTIFICATION SYSTEMS RELEVANT TO BC 3
- 1.4. MARKET SUPPORT FOR CERTIFICATION 8
- 1.5. BC APPLICATIONS FOR CERTIFICATION 8
- 1.6. GOVERNMENT'S ROLE AND RECENT INITIATIVES 12

2. SCENARIOS FOR FOREST CERTIFICATION IMPLEMENTATION IN BRITISH COLUMBIA 17
- 2.1. FOREST CERTIFICATION IMPLEMENTATION "SCENARIOS": WHAT AND WHY? 17
- 2.2. INFLUENCES ON CERTIFICATION IMPLEMENTATION 18
- 2.3. ROUNDTABLE WORKSHOP ON CERTIFICATION IMPLEMENTATION SCENARIOS 19
- 2.4. SCENARIO 1 — REACTIVE APPROACH 23
- 2.5. SCENARIO 2 — COOPERATIVE APPROACH 24
- 2.6. SCENARIO 3 — INDEPENDENCE APPROACH 26
- 2.7. SCENARIO 4 — ENHANCED SFM APPROACH 29
- 2.8. ASSESSMENT OF SCENARIOS 32

3. CONCLUSIONS 43

PART II — DETAILED REVIEW: STAKEHOLDER INPUT ON IMPLEMENTATION ISSUES AND ANALYSIS OF OPTIONS

INTRODUCTION 49

ISSUES RELATED TO FOREST CERTIFICATION SYSTEM REQUIREMENTS

- A DEFINED FOREST AREA AND LONG-TERM MANAGEMENT COMMITMENT 50
- B SUSTAINABLE FOREST MANAGEMENT PLANS 61
- C SUSTAINABLE HARVEST 66
- D ENVIRONMENTAL PROTECTION 73

E RESOURCE INFORMATION 76
F FIRST NATIONS PARTICIPATION 78
G MONITORING PERFORMANCE STANDARDS 89

ISSUES RELATED TO THE GENERAL ROLE OF GOVERNMENT IN FOREST CERTIFICATION IMPLEMENTATION

H GOVERNMENT POLICY ON CERTIFICATION 94
I COMMUNICATIONS 97
J GOVERNMENT SUPPORT FOR LICENSEES AND CERTIFIERS 101
K PARTICIPATION IN STANDARDS DEVELOPMENT 104
L DEVELOPMENT OF A BC CERTIFICATION SYSTEM 108
M HARMONIZATION AND MUTUAL RECOGNITION OF STANDARDS 110
N COST OF CERTIFICATION 112
O VALUE-ADDED ACCESS TO CERTIFIED WOOD 118

Tables

TABLE 1. STATUS OF FOREST CERTIFICATION IMPLEMENTATION IN BC (FEBRUARY, 2001) 9

TABLE 2: CERTIFICATION IMPLEMENTATION SCENARIOS: ROLES OF MAIN ACTORS, AND RELEVANT ACTIONS 20

TABLE 3: KEY CHARACTERISTICS OF CERTIFICATION IMPLEMENTATION SCENARIOS 21

TABLE 4: SCENARIO ASSESSMENT 40

TABLE 5: FOREST MANAGEMENT UNITS IN BC 50

TABLE 6: FOREST TENURES IN BC 51

TABLE 7: IMPLICATIONS OF OPTIONS: DEFINED FOREST AREA / LONG-TERM MANAGEMENT COMMITMENT 61

TABLE 8: IMPLICATIONS OF OPTIONS: SUSTAINABLE FOREST MANAGEMENT PLANNING 66

TABLE 9: IMPLICATIONS OF OPTIONS: SUSTAINABLE HARVEST 72

TABLE 10: IMPLICATIONS OF OPTIONS: ENVIRONMENTAL PROTECTION 75

TABLE 11: IMPLICATIONS OF OPTIONS: RESOURCE INFORMATION 78

TABLE 12: IMPLICATIONS OF OPTIONS: FIRST NATIONS CONSULTATION 89

TABLE 13: IMPLICATIONS OF OPTIONS: MONITORING PERFORMANCE STANDARDS 93

TABLE 14: IMPLICATIONS OF OPTIONS: GOVERNMENT POLICY ON CERTIFICATION....................... 96

TABLE 15: IMPLICATIONS OF OPTIONS: GOVERNMENT COMMUNICATIONS.................................101

TABLE 16: IMPLICATIONS OF OPTIONS: GOVERNMENT SUPPORT FOR LICENSEES AND CERTIFIERS 103

TABLE 17: IMPLICATIONS OF OPTIONS: PARTICIPATION IN STANDARDS DEVELOPMENT..............108

TABLE 18: IMPLICATIONS OF OPTIONS: A BC CERTIFICATION SYSTEM 110

TABLE 19: IMPLICATIONS OF OPTIONS: HARMONIZATION AND MUTUAL RECOGNITION................112

TABLE 20: IMPLICATIONS OF OPTIONS: COSTS OF CERTIFICATION 117

TABLE 21: IMPLICATIONS OF OPTIONS: ACCESS TO CERTIFIED WOOD......................................120

Appendices

APPENDIX 1: SUMMARY OF STAKEHOLDER COMMENTS ON FOREST CERTIFICATION IMPLEMENTATION IN BC

REPORT SUMMARY

Achieving forest certification—voluntary, independent third-party verification of sustainable forest management—has become an important consideration for the BC forest industry because of increasing international demand for certified timber products. Several certification systems currently exist, and four of these—the Forest Stewardship Council (FSC), the International Organization for Standardization (ISO), the Canadian Standards Association (CSA), and the U.S. Sustainable Forestry Initiative (SFI)—are active in BC.

Government to date has supported certification in principle, provided it contributes to sustainable forest management in BC forests. Although government has undertaken several initiatives to promote readiness for certification and provide input on the development of certification standards, it has largely taken a responsive approach because it views certification as a private arrangement. However, because government's role as manager of public forest lands has a direct impact on the ability of licensees to achieve certification approval efficiently and cost-effectively, licensees and other groups with an interest in forest certification have identified a need for government to become more closely involved.

Performance-based certification systems typically require applicants to show a long-term commitment to a geographically defined forest area and to sustainable forest management planning. This may be difficult to demonstrate under a primarily volume-based tenure system where government regulates planning requirements. Government also determines timber harvesting rates and sets standards for environmental protection with which licensees must comply and which may not always be consistent with certification standards. Other challenges certification applicants may face include: obtaining access to adequate resource information, resolving varying government and certification requirements for First Nations consultation, and establishing and meeting performance standards set by certification systems. In addition to these issues, the high cost of certification can be magnified by the need to obtain approval from several certification systems with varying requirements—a cost that has become a necessary business expense without necessarily being offset by higher prices for certified products.

This report analyzes these and other issues, and options for resolving them, identified by licensees, certifiers, environmental groups, First Nations, government agencies and other groups with an interest in or experience with certification. It analyzes the implications of each option and proposes four alternative scenarios, or packages of government initiatives, based on the options suggested by stakeholders:

- Scenario 1: Reactive Approach. Similar to its current approach, government supports certification in principle but does not actively promote it, and responds to requests for assistance from licensees and applicants to the extent that resources are available.
- Scenario 2: Cooperative Approach. Government acknowledges the importance of certification for market access and of a facilitating role for government, and adjusts programs, policies and practices within the existing regulatory framework. It cooperates with industry, certifiers and other stakeholders to address tenure constraints and facilitate certification.

- Scenario 3: Independence Approach. Recognizing certification as a key tool for achieving sustainable forest management and creating socioeconomic benefits, government creates an enabling regulatory framework that gives forest licensees maximum freedom to pursue certification at their own discretion and timing, independent of government.
- Scenario 4: Enhanced Sustainable Forest Management Approach. Government acknowledges that its current policy, balancing long-term ecological and economic sustainability against short-term socioeconomic needs, may jeopardize access to markets if incompatible with certification system standards. Government gradually adjusts its regulatory framework to enable a more rapid approach to sustainable forest management.

An analysis of the implications of each scenario, based on discussion at a multi-stakeholder workshop, concludes that Scenario 2 is the preferable option based on the level of stakeholder support for it and feasibility of implementation in the short term.

ABOUT THIS REPORT

This report identifies issues related to implementing forest certification in BC, and options for addressing these issues. The study emphasizes the role of government in certification implementation, while recognizing that there is an important role for non-government sectors in making certification work. The study was commissioned by the BC government's Trade and Sustainable Development Group and was conducted by consultants Daryl Brown and David Greer. The Trade and Sustainable Development Group was established specifically to handle forest certification issues and combines expertise from Ministry of Forests policy and operations, and Ministry of Employment and Investment trade policy and export development fields.

The study purpose is to determine how best to facilitate forest certification efforts in BC by:

- analyzing implementation issues raised for government, licensees and other interested parties when individual forest managers / owners pursue any one of a variety of voluntary forest management certification processes, and
- exploring a full range of options for addressing each issue, and analyzing the general implications of implementing these options.

The process by which the study was conducted included:

- inviting and analyzing submissions from licensees, certifiers, organizations with an interest in or experience with certification, and from the general public,
- conducting in-depth interviews with a variety of knowledgeable individuals to explore issues and options in greater detail,
- analyzing and synthesizing issues and options to identify common themes, issues of particular importance to one or more certification systems, implementation options for licensees, government and other parties, and implications of options,
- conducting a stakeholder workshop to review and consider four scenarios comprising packages of related options, and
- preparing this report, which provides a detailed summary of issues and options raised during the study, and of the implications of options that were identified.

In addition to creating a forest certification website (www.for.gov.bc.ca/het/certification) to explain certification initiatives and provide an opportunity for public submissions, the Ministry of Forests directly contacted approximately 200 individuals with a known interest in certification to invite them to submit their views to the consultants.

The letter of invitation asked recipients to consider the following questions:

1. *What Are the Issues?*

   - What issues are affecting the ability to effectively and efficiently implement forest certification in BC?
   - Who is affected by these issues, and in what ways?
   - What will happen if these issues are not addressed?
   - What things is the government currently doing right—or wrong?

2. *What are the Solutions?*

   - What should be done to resolve the issues?
   - Who should be involved in the solutions?
   - What are the potential implications (e.g., financial, legal, administrative) of the suggested solutions, for licensees, governments, and certifiers?

The consultants later conducted phone and in-person interviews with about 35 individuals from this group. To obtain further comments and suggestions, they also met with the provincial Inter-agency Coordinating Committee on Certification Systems, the Assistant Deputy Ministers Committee on Forest Certification, and the Minister's Advisory Council on Certification. Following an analysis of the information obtained through these avenues, they developed a range of alternative scenarios for a government approach to certification issues, and in November 2000 participated in a stakeholder workshop to test the feasibility of each of these scenarios.

This study forms one component of several government initiatives to facilitate the successful implementation of voluntary forest management certification systems in BC. These include:

- a Small Business Forest Certification Project, to facilitate SBFEP readiness for successful certification,
- appointment of a Certification Implementation Coordinator to provide assistance to forest regions and districts where licensees are pursuing certification,
- establishment of a multi-sector Minister's Advisory Council on Certification to advise the Minister of Forests on a wide range of certification matters, including implementation,
- development and communication of forest certification implementation information packages to Ministry of Forests' staff, and
- BC government participation in providing advice and input to certification systems in standards development and implementation.

Part I of this report:

- describes the evolution of forest certification systems and the responses of the BC forest industry and the provincial government to the increasing demand for certified wood products in markets outside BC,
- analyzes the implications and feasibility of four broad scenarios for government action, describes short- and long-term approaches available to government in facilitating certification according to each of the broad scenario concepts, and
- covers the main conclusions of the report,

Part II provides the detailed description and analysis of issues that stakeholders identified as priorities that need to be addressed in order to facilitate certification of forestry operations in BC. This section of the report also reviews in depth the various potential solutions that may be available to government to address these issues and analyzes the broad implications of implementing these solutions.

An appendix at the end of the report summarizes stakeholder input on forest certification implementation issues and solutions in British Columbia.

LIST OF ABBREVIATIONS

AAC	allowable annual cut
AFPA	American Forest and Paper Association
CCFM	Canadian Council of Forest Ministers
CLII	Crown Land Inventory Initiative
CLIB	Corporate Land Information Base
CSA	Canadian Standards Association
EMS	environmental management system
ENGO	environmental non-government organization
FFCS	Finnish Forest Certification System
FSC	Forest Stewardship Council
HLP	higher level plan
IFPA	Innovative Forest Practices Agreement
ISO	International Organization for Standardization
LRMP	Land and Resource Management Plan
LRSY	long-run sustained yield
MELP	Ministry of Environment, Lands and Parks
MOF	Ministry of Forests
PEFC	Pan European Forest Certification
SBFEP	Small Business Forest Enterprise Program
SFI	Sustainable Forestry Initiative
SFM	sustainable forest management
SLUP	strategic land use plan
TFL	tree-farm license
TSA	timber supply area
TUS	traditional use study
UKWAS	United Kingdom Woodland Assurance Scheme
UNCED	United Nations Conference on Environment and Development

Part I

MAIN REPORT

1. CURRENT STATUS OF FOREST CERTIFICATION IN BC

Forest certification provides independent verification that management of a woodland operation meets the standards set by a certification program. The primary objective of certification is to promote sustainable forest management that recognizes and protects the environmental, economic and social values of forests. In general terms, the sustainable forest management (SFM) objectives of certification systems and government are the same. Where they may differ is in the amount of emphasis on the different components of sustainable forest management, how to achieve it, and how quickly.

Governments have ultimate authority over forest management on publicly owned lands—which in BC's case amount to well over 90 percent of the province. Although certification is a new phenomenon, it has developed a lot of influence in a very short time. Government sets the rules, but buyers of forest products who demand certified wood may have a significant part to play in influencing the degree to which BC timber or other forest products are preferred choices in the markets on which BC's forest economy depends. For that reason alone, government and forest licensees alike have a direct and significant interest in making sure that certification will work in BC.

Certification is so new and markets so unpredictable that it is impossible to say what the influence of certification or of individual certification systems is likely to be in the future. However, the bottom line is that licensees in BC are increasingly feeling the need to buy into and achieve certification to satisfy their customers, and that means identifying and dealing with any obstacles they might face along the way.

1.1. How Certification Started

In 1987 the World Commission on Environment and Development, in *Our Common Future* (the "Brundtland report") defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". The report focused attention on the interdependence of economic, environmental and social sustainability and set the stage for a global debate on how best to integrate those three elements in resource management.

In 1992, more than 100 countries attending the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro developed a set of five international agreements related to sustainable development. These included the non-binding "*Statement of Forest Principles for the management, conservation and sustainable development of world forests*", and the binding Convention on Biological Diversity, now ratified by more than 175 countries, including Canada.

The UNCED conference was a catalyst for many sustainable forest management initiatives throughout the world. Many global governmental initiatives in forestry stemmed from this event, including a UN Forum on Forests, and various criteria and indicator initiatives. The "Montreal Process" brought Canada and other national governments of temperate and boreal forests together to develop criteria, indicators and reporting procedures for monitoring forest management. Canada developed a "National Forest Strategy" and Accord. The BC government's protected areas strategy was initiated in response to the UNCED recommendation that countries set aside 12 percent of representative ecosystems. With the Forest Practices Code, which came into force in 1995, the BC government signalled its commitment to become a world leader in sustainable forest management.

The UNCED conference also became a catalyst for the development of market-based instruments, including certification systems designed to promote worldwide forest management consistent with the principles of sustainable development and through the use of private, voluntary and market forces.

1.2. Development of Certification Systems

Buyers of products and services have relied on certification as proof of safety or quality for well over a century. The Swiss-based International Organization for Standardization began operations in the mid-nineteenth century. The concept of forest product labelling first evolved in the late 1980s when environmental groups, concerned about the destruction of teak and other southern hardwood forests, pushed for an international labelling scheme for tropical timber. The focus shifted to include temperate and boreal forests following the UNCED agreements.

The development of certification systems began in part as an initiative of international environmental organizations such as the World Wildlife Fund (now called World Wide Fund for Nature) that expressed concern about the effectiveness of governments and industry in ensuring sustainable forest management. By shifting their advocacy focus to market instruments and buyers rather than forest managers, these organizations hoped to influence forest practices by encouraging consumer demand for wood products from forests certified to be managed sustainably.

In 1993, representatives of environmental groups, the timber trade, the forestry profession, indigenous peoples organizations and community forest organizations met in Toronto to establish the **Forest Stewardship Council (FSC)**, now headquartered in Mexico. FSC accredits organizations that can certify that individual forests are managed according to 10 FSC forest management principles.

At the same time, international standards bodies, the industry sector itself, and several national governments began to develop standards for voluntary forest certification. ISO developed the generic ISO 14000 series of environmental standards and guides covering environmental management systems standards (14001), and other standards on environmental performance reporting, various types of labelling, and conformity assessment. These standards applied universally to all sectors and were not forestry-specific.

In 1994, the Canadian forest industry began working with the **Canadian Standards Association (CSA)** to develop a national certification scheme. Approved in 1996, the CSA Z809 scheme is based on the ISO 14000 scheme. Its performance criteria are based on the six sustainable forest management criteria developed by the Canadian Council of Forest Ministers, which in turn are related to the criteria and indicators developed through the Montreal Process.

As well in 1994, the Canadian Pulp and Paper Association, in collaboration with other forest industry associations, asked the **International Organization for Standardization (ISO)** to develop an international forestry standard. ISO declined to write sector-specific standards, but instead prepared a specific forestry technical report (14062) to guide forest managers in how to apply ISO 14001 and ISO 14004 Environmental Management System Standards to evaluate forest management processes using continuous improvement and environmental management systems.

In the U.S., the American Forest and Paper Association (AFPA) in 1998 developed the **Sustainable Forestry Initiative (SFI)** for improved forest practices on industrial forest ands. All AFPA members, including those operating in BC, are required to participate in the SFI scheme and demonstrate continuous improvement in meeting SFI forest management objectives. Participants can choose from either self- or independent third-party verification.

In addition to these international and national certification schemes, the **Pan European Forest Certification (PEFC)** process, developed by forest owners and industry from 17 countries, provides a framework for mutual recognition of national forest certification programs. Five European countries' forest certification systems have been recognized as meeting the PEFC requirements, so far. PEFC requires countries and/or regions to develop their own certification schemes and will issue a common label if such schemes meet the PEFC criteria. The system has the potential to recognize certification systems outside Europe, including potentially Canada's CSA Z809.

Notable European national systems include those of Finland and the UK. The standards of the Finnish Forest Certification System, developed with broad stakeholder involvement and government support, are similar to the FSC principles and criteria, and also adopt requirements of ISO 14001. FFSC was the first national system recognized by PEFC. Certifications under FFCS have been facilitated by group certifications, and 13 million hectares of forest were under FFCS certification as of March 2000. In the United Kingdom, government took the lead, through the UK Forestry Commission, in developing the United Kingdom Woodland Assurance Scheme (UKWAS). UKWAS is supported by FSC, and is applying to PEFC. Most of the forest in the UK certified to FSC standards is plantation or semi-natural.

Some certification programs evaluate systems (process effectiveness), others evaluate performance (on-the-ground actions or results). System-based processes such as ISO evaluate a written management system, identifying activities to be measured for their impact on the environment. Performance-based programs such as FSC evaluate the ability of operations to meet certain sustainable forest management standards. Programs such as CSA combine elements of both management- and performance-based systems.

1.3. Key Principles and Criteria of Certification Systems Relevant to BC

Each certification system has developed fundamental principles or criteria as a basis for the detailed standards that applicants must meet.

Canadian Standards Association

CSA's six criteria are adapted from ones established by the Canadian Council of Forest Ministers to define Canada's sustainable forest management practices on a national scale. They are:

1. Conservation of biological diversity;
2. Maintenance and enhancement of forest ecosystem condition and productivity;
3. Conservation of soil and water resources;
4. Forest ecosystem contributions to global ecological cycles;
5. Multiple benefits to society;
6. Accepting society's responsibility for sustainable development.

The CSA system has both a performance and a system framework. The system approach is consistent with the environmental management system (EMS) in the ISO 14001 series. The performance criteria are set for each defined forest area through a public consultation process with stakeholders and through locally based indicators. An organization must address the 6 criteria and 21 critical elements derived from the CCFM and address local values as identified in the public participation process. CSA requires that indicators have been established for all critical elements, that the public participation process is involved in setting these indicators, and that an organization demonstrate its commitment to continual improvement in its SFM performance as measured by these indicators.

International Organization for Standardization

ISO 14001 requires that an organization have an environmental management system (EMS). This provides a framework for the organization to use to identify and address the significant environmental aspects and related impacts of its activities, products and services. Because it uses a systems-based rather than performance-based approach, ISO 14001 does not set specific environmental performance criteria or establish absolute requirements for environmental performance; instead, these are defined by the applicant. ISO 14001 requires that an applicant for certification:

- establish an appropriate environmental policy;
- determine significant environmental impacts of its activities (past, present or planned) and of the products/services it produces;
- identify the relevant environmental legislative and regulatory requirements;
- identify priorities and set appropriate environmental objectives and targets;
- establish a structure and program(s) to enable it to implement the policy and achieve the established objectives and targets;

- facilitate planning, control, monitoring, corrective action, auditing and review activities to ensure both that the policy is complied with and that the environmental management system remains appropriate;
- be capable of adapting to changing circumstances.

Forest Stewardship Council

FSC certification standards are based 10 social, environmental and economic principles:

1. *Compliance with laws and FSC principles*: Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is signatory, and comply with all FSC principles and criteria.

2. *Tenure and use rights and responsibilities:* Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.

3. *Indigenous peoples' rights:* The legal and customary rights of indigenous peoples to own, use and manage their lands, territories and resources shall be recognized and respected.

4. *Community relations and workers' rights*: Forest management operations shall maintain or enhance the long-term social and economic well-being of forest workers and local communities.

5. *Benefits from the forest:* Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

6. *Environmental impact:* Forest management shall conserve biological diversity and its associated values, water resources, soils and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.

7. *Management plan:* A management plan—appropriate to the scale and intensity of the operations—shall be written, implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.

8. *Monitoring and assessment:* Monitoring shall be conducted—appropriate to the scale and intensity of forest management—to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

9. *Maintenance of high conservation value forests:* Management activities in high conservation value forests shall maintain or enhance the attributes that define such

forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.

10. *Plantations*: Plantations shall be planned and managed in accordance with principles 1 to 9, and Principle 10 and its criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.

The 10 principles are accompanied by a subset of criteria (56 international criteria) that must be met to satisfy the principles. In addition, FSC encourages local chapters to develop regional standards that define the performance criteria for the principles in their area. Each regional standard must be approved by FSC International. In the absence of an approved regional standard, certifiers use checklists specific to the region of the operation they are evaluating. A draft of BC regional standards is expected to be released in 2001. Final approval, following input from environmental, economic, social and First Nations stakeholders, may take a couple of years.

Sustainable Forestry Initiative

The SFI sustainable forest management program encourages responsible environmental practices to be integrated with sound business practices, for the benefit of landowners, shareholders, and customers. SFI is based on the following five principles:

1. Sustainable forestry
2. Responsible practices
3. Forest health and productivity
4. Protecting special sites
5. Continuous improvement

Twelve objectives and approximately 30 performance measures to guide managers in practising responsible forest management. The objectives include:

1. Broadening the practice of sustainable forestry
2. Ensuring prompt reforestation
3. Protecting water quality
4. Enhancing wildlife habitat
5. Minimizing the visual impact of harvesting
6. Protecting special sites
7. Contributing to biodiversity

8. Continuing improvements in efficient use of forest resources
9. Continuing the prudent use of forest chemicals to help ensure forest health
10. Broadening SFM through communication with internal and external audiences
11. Publicly reporting on SFM
12. Providing opportunities for public participation

Pan-European Forest Certification

In order for a national or regional sustainable forest management program to be considered for the PEFC logo, it must demonstrate that organizations certified under the program meet the following six criteria:

1. Maintenance and appropriate enhancement of forest resources and their contribution to global carbon cycles;
2. Maintenance of forest ecosystem health and vitality;
3. Maintenance and encouragement of productive functions of forests (wood and non-wood);
4. Maintenance, conservation and appropriate enhancement of biological diversity in forest ecosystems;
5. Maintenance and appropriate enhancement of protective functions in forest management (notably soil and water);
6. Maintenance of other socio-economic functions and conditions.

These criteria must be met in a way that is consistent with the following guiding principles:

- sustainable forest management;
- credibility;
- non-deceptiveness;
- open access and non-discrimination;
- cost-effectiveness;
- participation that seeks to involve all relevant interested parties;
- transparency;
- subsidiarity;
- voluntariness.

1.4. Market Support for Certification

Several buyers' groups and some individual companies are moving towards giving preference to certified pulp, paper and lumber products. The impact of different certification systems on markets appears to be in a state of constant flux, as certification systems continue to evolve and environmental groups, industry associations and governments work to influence buyer preferences. Buyers who adopt policies of restricting their purchases to timber from sustainably managed forests need assurance of adequate supplies, and the availability of wood certified under different schemes varies considerably according to the stringency of standards and number of approved certifications.

The following synopsis reflects some current trends in markets of importance to BC:

- To date, FSC has had significant success among certification programs in developing support among international buyers of timber products, especially in Europe.
- PEFC has the potential to emerge as a significant alternative to FSC in appealing to buyers' markets in Europe, and other certification schemes' impact there will depend to a major degree on their ability to be recognized by the PEFC.
- BC's second largest lumber customer, Japan, has had the most rapid adoption of the ISO 14000 series in the world. Most of the larger forestry companies in Canada expect to be registered to ISO within several years.
- SFI has achieved the greatest prominence in markets in the U.S., BC's largest customer for wood products, and is now certifying some companies in BC.
- CSA is experiencing growing interest across Canada. BC has had seven large forest operations certified to CSA, five in the last year.
- In 1999, Home Depot, the largest building supply retailer in the world, and IKEA committed to stop buying wood from "endangered" forests. By mid 2000, seven of the top 10 US home improvement retailers, including Home Depot and Lowe's, had adopted restrictive timber-buying policies following aggressive campaigns by environmental groups. In August 2000, 84 Lumber Co., the fourth largest US home improvement chain, which buys a quarter of its wood supplies from Canadian companies, announced that it would prefer not to buy lumber from environmentally sensitive areas.

1.5. BC Applications for Certification

The five certification schemes described above—FSC, CSA, ISO, SFI and PEFC—have the greatest significance for industry in BC. Of these, all but PEFC are currently providing certification approvals in the province. Because CSA is based on the ISO scheme, CSA applicants often apply for ISO certification at the same time, thus achieving both systems-based and performance-based certification. However, FSC currently has a greater impact with some European and US buyers. Membership in the SFI program is a compulsory condition of membership for AFPA member companies (American subsidiaries) operating in BC, and SFI third-party certification is also gaining significant momentum in the USA; BC companies that are subsidiaries of American companies may need to show certification to SFI or equivalent certification. PEFC certification is not directly available in BC, but may be in the future if CSA, SFI or another system becomes accredited under the PEFC recognition system.

The importance to BC industry, especially among larger licensees, of obtaining certification from different systems depends very largely on their influence of markets. At the present time there is considerable flux as the advocates of various systems compete for market attention. Systems that are currently dominant may become less or more so in the future, or new systems may enter the picture. Uncertainty about future trends is just one uncertainty among many facing licensees contemplating certification applications.

Six ISO 14001 forestry registrations were awarded in 1999 to five major forest companies, followed by ten more registrations in 2000. This is in addition to a number of pulp and paper mills, and sawmills that were previously registered to ISO 14001. The first CSA registrations were awarded in 1999 to two major companies, followed by five registrations in 2000. To date, FSC forest certifications have been awarded to two woodlots, a "Resource Manager" certificate, along with chain-of-custody certifications to value-added manufacturers, a major paper mill and a major forest product operation. The American Forest and Paper Association awarded TimberWest a SFI registration, BC's first, in December 2000. These forest certification systems are expected to certify additional forest enterprises during 2001.

TABLE 1. STATUS OF FOREST CERTIFICATION IMPLEMENTATION IN BC (FEBRUARY, 2001)*

Company	Woodlands Division	Date of Certification	Certifier (Registrar)	Hectares
ISO 14001 Environmental Management Standard (ISO)				
Abeda Wood and Marine Products Ltd.	Operates under Small Business Forest Enterprise Program (SBFEP)	January, 2001	Straubinger Str.2	SBFEP
Canfor Corporation	All BC	November, 1999	KPMG	6,200,000
Dunkley Lumber Ltd.	Naver Tree Farm License (TFL 53)	January, 2001	QMI	87,661
International Forest Products Ltd (Interfor)	Adams Lake	September, 2000	KPMG	180,000
International Forest Products Ltd (Interfor)	All coastal operations	December, 1999	KPMG	2,900,000
Lignum Ltd.	Williams Lake	December, 2000	QMI	820,000
Pope & Talbot, Inc.	Canadian Woodlands Operations	December, 2000	KPMG	1,200,000
Skeena Cellulose Inc.	Terrace, Smithers, Carnaby and Kitwanga Lumber Co.	August, 2000	QMI	2,000,000
Tembec Industries Inc.	(formerly Crestbrook)	December, 2000	QMI	1,500,000
TimberWest Forest Corporation	All 6 divisions: Cowichan, Honeymoon Bay, Johnstone Strait, Nanaimo Lakes, Oyster River, Beaver Cove)	November, 1999	KPMG	600,000
Weldwood of Canada	100 Mile House	April, 1999	QMI	250,000
Weldwood of Canada	Quesnel	October, 2000	QMI	280,000

---

*This Status Report is updated regularly and can be accessed at the Trade and Sustainable Development Group website at www.for.gov.bc.ca/het/certification.

Company	Woodlands Division	Date of Certification	Certifier (Registrar)	Hectares
Weldwood of Canada	Williams Lake	October, 2000	QMI	410,000
Weldwood of Canada	Houston	December, 2000	QMI	377,000
Weldwood of Canada	Babine	December, 2000	QMI	310,000
Western Forest Products Ltd - Coastal Operations	BC Coastal Operations	April, 2000	QMI	885,000
Weyerhaeuser Co. Ltd.	North Island Division	April, 1999	QMI	230,000
Weyerhaeuser Co. Ltd.	Interior BC	March, 1999	QMI	1,250,000
Weyerhaeuser Co. Ltd.	Port McNeill	December, 2000	QMI	135,000
Weyerhaeuser Co. Ltd.	West Island	December, 2000	QMI	311,000
ISO Subtotal				**19,925,661**
Canadian Standards Association (CSA) - CAN/ CSA Z808/809				
Company	**Woodlands Division**	**Date of Certification**	**Certifier (Registrar)**	**Hectares**
Canfor Corporation	Chetwynd TFL 48	September, 2000	KPMG	645,000
Canfor Corporation	Englewood TFL 37	September, 2000	KPMG	200,000
Weldwood of Canada	100 Mile House	December, 1999	QMI	250,000
Weldwood of Canada	Quesnel	December, 2000	QMI	280,000
Weldwood of Canada	Williams Lake	December, 2000	QMI	121,000
Weyerhaeuser Co. Ltd.	North Island Division	May, 1999	QMI	230,000
Weyerhaeuser Co. Ltd.	West Island	December, 2000	QMI	311,000
CSA Subtotal				**2,037,000**
Forest Stewardship Council (FSC)				
Company	**Woodlands Division**	**Date of Certification**	**Certifier (Registrar)**	**Hectares**
Allen Hopwood Enterprises	Woodlot	March, 2000	SFF	132
Rod Blake	Woodlot	March, 1999	SFF	660
Timfor Contracting Ltd - "Resource Manager "		July, 2000	Smartwood	6,000
FSC Subtotal				**6792**
Sustainable Forestry Initiative Program (SFI) - American Forest and Paper Association				
Company	**Woodlands Division**	**Date of Certification**	**Certifier (Registrar)**	**Hectares**
Interfor	All Coastal Operations	January, 2001	KPMG	2,900,000
TimberWest Forest Corporation	Private Land	December, 2000	KPMG	334,000
SFI Subtotal				**3,234,000**
Total ISO, CSA, FSC and SFI in BC*				**19,932,453**

* To avoid double counting, forest areas certified to more than one system are considered once to compile the total area, hence the total is less than the sum of the four subtotals.

PRODUCTION FACILITIES:

The following are certifications of production facilities or chain of custody (not Woodland operations).

ISO EMS Certification of Mills	Chain of Custody Certifications (FSC)
Crestbrook Forest Industries	Norske Skog (formerly Fletcher Challenge Canada (Elk Falls))
Fletcher Challenge Canada Pulp	Hudson Mitchell & Sons Lumber
Howe Sound Pulp and Paper	Ornamentum Furniture
Prince George Pulp and Paper	P.J. White Hardwoods
TimberWest Forest Corporation	Sarita Furniture
Weldwood - Babine Sawmill - Dec 2000	Schindler Timber Framing
Weldwood - Bunslake Specialty Wood Ltd	Spokin Mountain Timbers
Weldwood - Quesnel Cariboo Pulp & Paper - Nov 1998	Weyerhaeuser Co. Ltd. (Coastal Group)
Weldwood - Houston Sawmill - Dec 2000	Weyerhaeuser Co. Ltd (West Island)
Weldwood - 100 Mile House - Sep 2000	Weyerhaeuser Co. Ltd (Somass Sawmill)
Weldwood - Decker Lake Forest Products - Aug 2000	The Woodland Flooring Company
Weldwood - Quesnel Plywood - Jan 2001	Zimhelt Brothers Sawmilling
Weldwood - Quesnel Sawmill - Jan 2001	
Weldwood - Williams Lake Plywood Mill - Jul 1999	
Western Pulp Ltd. Partnership	
Western Pulp's Port Alice operation - Jan 2001	
Weyerhaeuser Co. Ltd.	
Weyerhaeuser Co. Ltd. - Chemainus Sawmill - Oct 2000	
Weyerhaeuser Co. Ltd. - Kamloops Pulp Mill - Dec 2000	

BC Certifiers

Certifiers may have offices in several countries, certify non-forest as well as forest operations, and conduct forest certifications for more than one program. To be accredited by a certification program, certifiers are generally required to develop a checklist of parameters and specific criteria to be audited. Forest companies applying for certification can choose any certifier that has been accredited to conduct local certifications for the certification program whose approval the forest company seeks.

The following six certifiers are currently active in BC:

KPMG (Kynveld, Peat, Marwick, Goerdeler)	CSA, ISO, FSC
QMI (Quality Management Institute)	CSA, ISO
SGS (Société Générale de Surveillance)	ISO, FSC
SmartWood	FSC
SCS (Scientific Certification Systems)	FSC
Silva Forest Foundation	FSC

ISO and CSA certifiers must be accredited by the Standards Council of Canada. FSC accredits certifying bodies (known as "verifiers"), which in turn hire individuals to conduct verifications.

1.6. Government's Role and Recent Initiatives

In several provinces, the majority of the land base is public land under provincial administration. In BC, over 94% of the province is publicly owned (Crown) land. As the manager of BC's publicly owned forest land, the government regulates forest practices and administers area-based forest tenures and volume-based harvesting licenses. The degree to which government is involved in regulating forest practices and overseeing forest planning differentiates Canada from European and American jurisdictions where private land ownership tends to be the rule.[1] This indicates the need for greater government involvement in Canada in certification than may be the case in some other countries

Insofar as certification is a private arrangement between an applicant and a certifier, government has no direct role in the process. Nevertheless, government does have an interest in the potential of certification to influence markets, reinforce government requirements for sustainable forest management, and support or contradict domestic and international legislative and policy goals. For this reason, government also has an interest in developing policies on certification that reflect the public interest in sustainable forest management and in facilitating certification to work in a way that can be complementary to the legislative framework.

Historically, the forest industry has been the driving engine of British Columbia's economy and the mainstay of dozens of resource communities. Government faces a formidable task balancing the economic, environmental and social components of sustainability, and uses an array of laws, policies and programs to promote sustainable forest management. These initiatives include the Forest Practices Code, the Protected Areas Strategy, and Timber Supply Review. Some industry representatives may believe government has placed too great an emphasis on environmental impacts at the expensive of economic stability. At the same time, other critics charge that government has compromised environmental sustainability by not rapidly enough implementing Code provisions for wildlife and biodiversity protection, not adequately protecting high-value forest ecosystems, and not following sustained-yield policies in the determination of allowable annual cut.

Current Position on Certification

Government supports certification as one tool among many for encouraging sustainable forest management, and will support certification systems that are consistent with sustainable forest management, are practical and applicable to BC, and can be equitably applied to all types of forests. The government position to date has been that, as certification is a relatively new development and still evolving, its effectiveness in promoting sustainable forest management remains to be proven.

---

[1] But not from many other countries in the Pacific Rim, Africa, South America and central Europe.

The BC government does not endorse any one certification system in preference to another. Instead, it wants each of the available systems to succeed and to be a practical option for BC companies seeking certification. The government believes that for certification systems to be successful in this province,

- Certification standards should be clear and realistic and should not discriminate against any one country or type of forest
- Standards and eco-labelling schemes should not become a means of protectionism or create unfair trade barriers to BC exports
- Certification audits must be professional, objective and free from conflict of interest, and
- Certification systems must be as cost-effective and practical as possible, and should not duplicate existing requirements or create unreasonable financial barriers to smaller companies seeking certification.

While government remains neutral on certification systems, it recognizes that the ability of industry to achieve certification has a direct bearing on market accessibility and encourages the forest industry to prepare for certification and work to ensure the development and implementation of certification systems appropriate for BC.

Government Initiatives

Government has taken the position that, while it is not the role of government to take the lead in facilitating certification, it wants to work with industry and other non-governmental interests as well as customers to develop solutions that promote sustainable forest management practices and ensure access to international markets. In June 2000 the Minister of Forests formed the Minister's Advisory Council on Certification to provide advice on a range of certification issues, including the implementation of certification systems and standards and opportunities for government to help the range of types of tenure holders achieve certification.

In addition, government is preparing for the implementation of certification by:

- Participating in national and international developments on certification
- Reviewing and providing input on standards of systems active in BC
- Preparing government's Small Business Forest Enterprise Program (SBFEP) for certification,
- Conducting certification education for government staff; and
- Providing information and assistance to licensees applying for certification

Participation in National and International Developments

The focus of BC's national and international involvement is to ensure that certification systems are based on criteria that treat all countries and regions equally and do not create trade barriers.

The Trade and Sustainable Development Group of the Ministry of Forests monitors and researches international developments, participates with provincial and national governments on national approaches to certification, and pursues trade policy issues with provincial ministries and the federal Department of Foreign Affairs and International Trade.

The BC government cooperates with the federal government, territorial governments and other provincial governments in implementing Canada's National Forest Strategy, developed in 1992. Together, these governments developed a Framework of Guiding Principles for Voluntary Certification Systems for Sustainable Forest Management. The BC government expects certification systems to adhere to the 12 principles included in the framework by being

- Complementary with government forest policies
- Structured to reflect a balance of major forest interests
- Objective and scientifically based
- Implementable, practical and cost-effective
- Non-duplicative of legislative and administrative requirements
- Non-discriminatory and applicable to a broad range of private forest owners, managers and operators
- Auditable and including appropriate measurable indicators
- Voluntary and operated independently of government
- Based on the market's desire and ability to pay and the forest's industry's willingness to support it
- Consistent with national and international agreements on definitions of sustainable forest management
- Consistent with trade law and international principles, and
- Acceptable to all major consumer markets.

Participation in Standards Development

The BC government provides input to the development of standards by all certification programs currently active in the province. It has ministry representatives on the technical committee that developed CSA Z808 and Z809 standards and is providing input to the CSA's current revision of the standard. The government is also represented on the Canadian Advisory Committees for ISO 14000 standards. These committees formulate the position that Canada puts forward at international ISO meetings.

A multi-stakeholder standards team was appointed in January 2000 to write draft BC regional FSC standards, which are expected to be distributed for comment in 2001. Government was requested to provide an ex-officio representative on the standards team (voice but no vote). Government provided an ex-officio member and an alternate for the standards team. They provide input to the draft standards consistent with the government's objective of ensuring that standards are workable, objective and globally equitable.

Participation in standards development is discussed in more detail in Part II, Section K, of this report.

SBFEP Certification Initiatives

In preparation for implementation of certification, government is testing different systems in different parts of the province. In the Kootenay Lake forest district, the Small Business Forest Enterprise Program is testing the West Arm Demonstration Forest to determine whether the innovative forest management practices being applied in this area are consistent with FSC principles and criteria.

On a province-wide scale, the SBFEP is developing the environmental management system required for eligibility for ISO 14001 systems-based certification and useful as a starting point for preparation for CSA and FSC performance-based certification. The Vancouver Forest Region SBFEP is planning to apply for ISO certification by the spring of 2001.

In the Kamloops timber supply area, forest tenure holders have cooperated in the development of a sustainable forest management plan. Development of the plan has incorporated advice from a public participation process that should satisfy CSA requirements for development of criteria and indicators. The Morice forest district SBFEP is working with Canfor and Houston Forest Products developing a sustainable forest management plan as a first step for possible SBFEP certification under CSA or FSC. The Fort St. John district also has a certification pilot project underway.

Assistance to Licensees Preparing for Certification

In addition to helping forest companies and licensees prepare to apply for certification, the government provides public data and information needed by licensees and certifiers during the application process. A provincial Certification Implementation Coordinator provides support to Ministry of Forests regional and district staff responding to applicant and certifier information needs. The issue of government support for licensees and applicants is discussed in Part II, Section J.

The experience of recent certification applications in BC has highlighted a broad variety of issues that need to be considered and addressed to facilitate future certifications. Part II of this report provides a detailed overview of these issues, as described by the individuals who participated in this study. It also describes and analyzes their suggestions for options for addressing each issue, and analyses the implications of each option.

The government has developed resource materials on certification that are available to all regional and district staff and across several ministries. An education program has been started throughout the province to ensure that staff are equipped to respond to public enquiries and to requests for information by licensees and certifiers. The government tracks certification progress and manages a web site on certification.

2. SCENARIOS FOR FOREST CERTIFICATION IMPLEMENTATION IN BRITISH COLUMBIA

2.1. Forest Certification Implementation "Scenarios": What and Why?

Input from stakeholders received during this project (see Part II and Appendix 1) demonstrates that forest certification stakeholders have wide-ranging ideas on what should be done to facilitate certification implementation in BC. Suggestions range from modest proposals, such as for government to get more involved in providing information about different certification systems, to proposals for major policy reform such as redesigning the forest tenure system and methods of determining harvesting rates.

However, the individual actions and reforms proposed by different stakeholders appear to be based on an underlying "vision" of how certification should be approached in BC. These visions vary primarily in terms of basic perspectives on the extent of government's role in implementing forest certification — e.g., direct government participation in certification applications OR no participation, but adopting policies and actions designed to facilitate the certification process between companies and independent certifying bodies OR some combination of both approaches. Naturally, the alternative visions have varying implications for different forest stakeholders and certification systems. Given that the focus of this research project was to look at certification implementation issues from the perspective of "government's role", we highlight the importance of this section and the overall "vision" of certification that could guide government's individual actions.

This chapter presents and assesses four alternative "visions" or "scenarios" for responding to forest certification implementation issues in BC. They represent a synthesis of the wide range of stakeholder comment received during the study. Each scenario comprises a "package" of activities or reforms that could potentially be adopted in BC, within a basic policy perspective on certification.

They are referred to as "scenarios" to underscore that they are conceptual representations of possible future strategic directions on certification — they are not hard-edged, all-or-nothing options from which only one or another must be selected. They are artificial constructs in the sense that the scenarios are not mutually exclusive. Any of the specific actions and policy reforms that make up the scenarios could be "mixed and matched", and this would likely be an appropriate response for addressing certification implementation issues.

Although government could potentially act on any of the individual certification actions and policy reforms proposed by stakeholders, it would be better to do so within the context of a long-term strategic vision for certification. Adopting a "macro" strategy for implementing certification, as represented by these (or other) scenarios, will help guide the numerous "micro" programming and policy decisions that will be required over the short- to mid-term.

A summary of the possible roles of the main certification actors (government, industry, certifiers and First Nations) with respect to the four scenarios is provided in Table 2 at the end of this section. Table 3 summarizes the key scenario characteristics. We stress that some of the individual actions put under one "scenario" in some cases could be equally valid under another.

2.2. Influences on Certification Implementation

The manner and rate of certification implementation in BC is subject to the actions of many parties, including government, licensees, certifiers, First Nations, and other stakeholders. However, given BC's forest management framework, government can play a central role in certification implementation. Elements within government's influence that potentially bear on certification implementation include the following:

policy perspective — the extent of government's underlying policy support for certification

communications — type and level of domestic communication on certification systems, and international communication on BC's practices

extension — level of staff support and resources that are available for facilitating certification applications

systems and standards design — level and nature of participation in domestic and international processes to develop certification systems and standards, including efforts on harmonization / mutual recognition of systems

certification costs — whether or not government shares in process and operational costs associated with certification

tenure arrangements — extent of licensees' long-term management authority over a specified forest area

timber apportionment — allocation of harvest levels within the industry (e.g., major licensees versus smaller operators)

Crown land planning — extent to which planning decisions produce land use certainty

environmental regulation — level of environmental protection in SFM plans and operational enforcement of plans / performance standards

harvest level — manner in which AACs are regulated and rationalized

resource inventories — types and quality of resource information that is available for SFM planning and auditing purposes

First Nations relationships — manner in which Aboriginal land / resource management issues and economic equity issues are addressed.

The four forest certification scenarios described in this chapter differ mainly according to the conceptual options available to government with respect to its broad policy position on certification, and the manner in which government approaches tenure arrangements, environmental regulation, and rate of harvest. Although other of the above-listed elements could potentially be incorporated into any of the scenarios, the scenario descriptions have been limited to focus on actions relevant to government's fundamental approach to certification.

2.3. Roundtable Workshop on Certification Implementation Scenarios

A stakeholder workshop was held in November 2000 in Vancouver to test reactions to these scenarios. Participants were asked to respond to the following questions about the scenarios:

1. Are there other broad certification implementation scenarios that should be considered?
2. Are the scenarios described appropriately (i.e., the "general concept" and the "key characteristics" of the scenarios?
3. What are the main implications of the scenarios? For example, in terms of:
    - their effectiveness in achieving forest certification?
    - short-term feasibility of implementing the scenarios (i.e., cost, complexity, transition issues?)
    - legal requirements / consequences?
    - short- and longer-term risks to government, communities, industry?
    - fairness and equity considerations?
    - other implications?

The responses heard at the workshop are integrated into the scenario assessment (at the end of this chapter), and are represented in the report conclusions (see chapter 3).

TABLE 2: CERTIFICATION IMPLEMENTATION SCENARIOS: ROLES OF MAIN ACTORS, AND RELEVANT ACTIONS

Primary Actors	Scenario 1 Reactive Approach	Scenario 2 Cooperative Approach	Scenario 3 Independence Approach	Scenario 4 Enhanced SFM Approach
Government	• supports certification in principle, but doesn't actively promote it • satisfied that BC's existing system provides adequately for SFM • responds to requests to address certification implementation issues that arise	• acknowledges extensive government role in facilitating certification • examines / adjusts existing forestry programs, policies and practices to be more consistent with certification, but still within basic existing regulatory framework • main approach is close / ongoing government cooperation / involvement in SFM planning to facilitate certification	• makes changes to regulatory and tenure arrangements that will provide licensees maximum freedom to pursue certification, independent of government • notably: converts to area-based management units and adopts "results-based" regulatory model. • sees certification trend as an opportunity to shift broader forestry responsibilities into hands of licensees	• implements more rigorous regulatory and policy changes to BC's various SFM policies in order to conform to the most stringent international certification expectations as they evolve • notably: FPC fully implemented; land use plans adopted that protect sensitive values; many more small, community-based tenures issued; AACs reduced in short-term; and value-added processing encouraged
Forest Industry	• pursue certification based on individual assessment of market advantage • work individually / cooperatively within existing regulatory / policy framework • government assistance sought as-needed	• pursue certification with strong government support /involvement • because of government support, companies tend to pursue certification more vigorously than they otherwise might	• pursue certification at own discretion, independently or in cooperation with each other, with reduced policy obstacles to certification	• pursue certification, individually or in groups, with increased likelihood that their applications will meet the most demanding certification standards
Certifiers	• work within existing regulatory and policy system to make certification standards work within BC context	• apply certification systems and standards to BC context, with close cooperation by government	• work with licensees to implement various certification systems and standards • certification potentially easier because licensees meet basic expectations of long-term management commitment for defined forest area	• work with licensees to implement various certification systems / standards • certification under some international systems potentially easier to attain
First Nations	• participate in company-led certification applications at individual discretion	• encouraged to participate in government-facilitated or led certification processes • incentives potentially offered by government / industry to encourage cert. participation / support	• participate in tenure reform negotiations at individual discretion • participate in licensee-led joint venture partnerships, at individual discretion	• have increased number / diversity of forest tenure opportunities under their direct control • participate with other licensees, at their discretion, on certification applications in their traditional territories

TABLE 3: KEY CHARACTERISTICS OF CERTIFICATION IMPLEMENTATION SCENARIOS

Key Issue	Scenario 1 Reactive Approach	Scenario 2 Cooperative Approach	Scenario 3 Independence Approach	Scenario 4 Enhanced SFM Approach
Tenure Arrangements	• existing tenure / apportionment arrangements retained	• existing tenure / apportionment arrangements retained • primary way of dealing with "volume-based" tenure issue is government-facilitated or led cooperative SFM plans for TSAs	• volume-based licenses converted to area-based tenures on TSA basis • in short-term, licensees with "exclusive use" chart area allowed to prepare area-specific SFM plans as basis for certification • where tenure conversion not feasible, TSA licensees given opportunity to form consortium that replaces individual forest licenses. Consortium responsible for planning, inventory, reforestation, etc., and obtaining certification • a SBFEP is retained • gradual increase in small, community-based tenures using 5% "take back" volume	• government recoups sizable amount of volume from major licensees through legislative change or negotiation • recouped volume allocated to wide diversity of small, area-based tenures (community forests, woodlots, First Nation tenures, small enterprise tenures) • a SBFEP is retained
Management Plans	• government participates in industry-led SFM plans upon request • government land / resource plans and forest development plans, and other government-mandated plans provide foundation for licensees' more specific SFM plans	• government, licensees & stakeholders cooperate to develop / implement SFM plans for TSAs • Government's land use planning system fine-tuned to produce planning products that facilitate certification	• government scales back its SFM planning program / responsibilities, relying instead on licensees to develop SFM plans and meet performance standards	• government and/or industry land / resource plans are primary vehicle for full Code implementation (biodiversity protection, etc.) • conservation values / zones secured using legally enforceable land use designations
Rate of Cut	• existing basic approach to setting / implementing AACs retained • quality of TSR plans upgraded gradually over time	• AACs and apportionments continue to be set at TSA level • aggressive steps to improve technical basis for AAC decisions (better data, modeling, etc.) • cut control policy adjusted to allow licensees to apply for relaxation of cutting requirements	• onus placed on area-based tenure holders to develop AACs that accord with their SFM plans • licensees may apply for relaxation of cut control requirements	• AAC policy redesigned to move to non-declining, even flow management • AACs driven primarily by spatial SFM plans for management units • licensees may apply for relaxation of cut control requirements; or, cut control policy abandoned altogether

Key Issue	Scenario 1 Reactive Approach	Scenario 2 Cooperative Approach	Scenario 3 Independence Approach	Scenario 4 Enhanced SFM Approach
SFM Performance Standards	• existing Code provisions define SFM expectations in BC • licensees pursue certifications that "meet or beat" Code	• government develops / advocates core set of SFM criteria and indicators (C&I) for BC, to support SFM planning	• government develops / adopts core set of SFM criteria and indicators, as basis for implementing "results-based" regulatory model • potentially supports a voluntary "BC certification system" based on the C&I	• full Code implementation and enforcement required • existing Code requirements potentially evolve to "results-based" model, based on core set of government-approved SFM criteria and indicators

2.4. Scenario 1 — Reactive Approach

(a) General Concept

Government monitors the growth and development of certification, and supports it in principle, but does not actively promote it. Government views the regulatory and policy framework as the appropriate vehicle for addressing sustainable forest management, and sees certification primarily as a market-driven, private arrangement between individual companies and certification bodies. Government responds to requests from individual licensees and certifiers to address certification implementation issues that arise, to the extent that resources are available and involvement is necessary given government's wide-ranging responsibilities in forest management.

Forest companies pursue (or choose not to pursue) certification under various / multiple certification systems, based on their individual assessment of the extent to which certification will create an advantage in the market place. Those that seek certification work individually or cooperatively within the existing regulatory and policy framework for forest management. Government assistance / involvement is sought on an as-needed basis by individual certification applicants.

Certifiers work within the existing regulatory and policy system, as best they can, to apply certification standards within the BC context.

First Nations participate in company-led certification applications to the extent that individual First Nations see advantage in so doing. The few First Nations with forestry tenures / operations, pursue (or choose not to pursue) certification for their operations, based on their assessment of certification pros and cons.

(b) Key Characteristics of Scenario 1

(i) Tenure Arrangements

- existing TSA tenure arrangements and volume apportionments are retained.
- government participates in industry-led SFM planning processes for wider units such as TSAs, mainly to represent SBFEP interests, and promote conformance with government-approved land use plans and designations.

(ii) Management Plans

- government continues to implement its land / resource planning system as a primary component of its current SFM policy (e.g., LRMPs, landscape unit plans, operational plans). These provide a foundation for more specific SFM plans that are prepared by licensees for certification purposes.

(iii) Rate of Cut

- existing approach of establishing and apportioning AACs at TSA level is maintained.
- existing basic policy / process for determining harvest rates for current management units is retained (i.e., social and economic considerations continue to be factored into AAC determinations, resulting in "gradual" AAC reductions in management units where a decline is forecast).
- quality of TSR planning process continues to improve gradually over time, commensurate with updated inventories, more accurate growth and yield information, upgraded computer models, etc.
- government continues to implement existing "cut control" policy, to ensure a threshold level of harvesting activity and associated social benefits.

(iv) SFM Performance Standards

- existing Code provisions (and constraints on "full" Code implementation) continue to define forest management expectations in BC, although work continues on testing "results-based code" concept through long-term pilot projects.
- licensees proceed with certification processes that define SFM performance standards (e.g., as reflected in their SFM plan provisions, criteria and indicators, etc.) that "meet or beat" existing Code regulation or policy.

2.5. Scenario 2 — Cooperative Approach

(a) General Concept

Government sees the growing international trend towards certification as an important development that represents a major potential opportunity for BC. At the very least, it views certification as something that is potentially too important for government to risk inaction. Government acknowledges that as forest land owner and regulator, it has a large role in facilitating certification in BC.

At the same time, government does not want to radically change its basic regulatory and policy framework for forest management in order to facilitate the "unproven" concept of certification. Government, therefore, examines and adjusts its existing forest management programs, policies and practices to find opportunities for meeting certification needs, but still within the basic existing regulatory framework. Central to this approach is close and ongoing government cooperation with industry, certifiers and other stakeholders, especially to address tenure constraints, to achieve certification under various certification systems.

Forest companies pursue certification applications under various systems with strong government support and involvement. Because government actively "sets the stage" for certification and encourages cooperative approaches to certification, companies tend to pursue certification more vigorously than they otherwise might.

Certifiers apply their certification systems and standards to the BC context, with extensive cooperation / involvement of the government. Although BC's basic regulatory structure for forest management is unchanged, close government support / participation in certification audits helps to facilitate certification efficiency and effectiveness.

First Nations are encouraged to participate in TSA level certification planning processes that government facilitates or leads. Financial / non-financial incentives are potentially offered by government and / or industry to encourage First Nations participation in certification processes, and ultimate certification support. The few First Nations with forestry tenures / operations pursue (or choose not to pursue) certification for their operations, based on their assessment of certification pros and cons.

(b) Key Characteristics of Scenario 2

(i) Tenure Arrangements

- existing TSA tenure arrangements and volume apportionments are retained.
- primary mechanism for addressing "volume-based" tenure issue for major licensees is government-facilitated, cooperative development of SFM plans for TSAs. These plans define TSA-specific SFM performance measures (criteria and indicators) and clarify forest management roles and responsibilities. Participating licensees (and government) commit to follow the SFM — this could be an informal but written agreement, or something more formal and binding such as a "partners" agreement.
- once a TSA-level SFM plan is in place, individual licensees pursue certification applications according to their own agendas. Alternatively, groups of licensees in contiguous areas of the TSA, or government itself could apply for TSA-level certification after a SFM plan is in place, with individual licensees potentially also seeking formal third party certification, to the extent that it will advantage them.

(ii) Management Plans

- government, licensees and stakeholders cooperate to develop SFM plans for TSAs, as a basis for certification (per (i) above).
- government's land use planning system is fine-tuned to produce products that will facilitate certification applications and audits (e.g., identification of SFM criteria / indicators as part of LRMP processes, identification of key environmental protection measures during landscape unit planning).

(iii) Rate of Cut

- AACs and apportionments continue to be set at the TSA level.
- government assesses certification opportunities and implications as part of AAC determination process (i.e., the potential to achieve certification is taken into account in determining the extent to which socio-economic impact considerations are integrated into AAC decisions).
- to meet certifiers' requirements for sound AAC rationales, government substantially enhances its TSR planning process by integrating better data and modeling, etc.
- government adjusts its "cut control" policy to enable licensees to apply to government to under-cut their AAC where they wish to do so to meet certification expectations. Government considers each application on its merits, based on potential socio-economic impacts, and opportunities to use "under-utilized" AAC to establish other harvesting opportunities that are consistent with certification objectives.

(iv) SFM Performance Standards

- government expects licensees to conform to normal regulatory requirements, and licensees will also seek to meet any additional "performance requirements" as signed onto within SFM plans, including indicators of performance, with targets and timelines.
- based on "results-based Code pilots" and / or through a purpose-specific process to set provincial SFM performance standards, government works with SFM planning processes to develop and adopt a core set of SFM criteria and indicators for BC. These are advocated for use in individual certification applications; used to greater consistency throughout the province and for use in certification system design processes that are developing regional certification standards for BC;
- core "performance measures" potentially could be a foundation for a voluntary "BC certification system" should markets support such a system. These would be implemented by independent auditors.

2.6. Scenario 3 — Independence Approach

(a) General Concept

Government sees the growing international trend towards certification, and notes that the importance of certification to producers or buyers can vary significantly depending on markets, product lines, area and extent of operation, and other factors. Government supports certification as a valuable tool for achieving SFM in BC, and the socio-economic benefits that are associated with independent verifications of SFM.

It recognizes, however, that certification as a voluntary market-based initiative cannot easily occur on a widespread basis in BC under the existing "shared responsibility" forest management system and overlapping and predominantly volume-based tenure system that we have in this province without intensive and ongoing government participation in each certification — and even then, certification processes can be cumbersome and success is not necessarily guaranteed. Government, therefore, elects to create an enabling regulatory environment that makes changes to the forest management structure in BC, including through possible tenure reforms, which will give forest licensees broader responsibilities for forest management and maximum freedom to pursue certification at their own discretion and timing, independent of government.

Notably, changes to tenure arrangements and to the existing province-wide "rules-based" approach to forest regulation are introduced. These reforms are adopted mainly to facilitate certification success, but also to respond to growing demands / advice from across the province for substantive forest management reforms of this nature. Government sees the certification trend, with its use of independent third-party auditors that "enforce" internationally accepted SFM performance standards, as an opportunity to re-orient its fundamental forest management role — where government requires a wider set of forest planning and management responsibilities of forest licensees, and therefore also enables licensees to pursue certification with greater independence and more long-term accountability.

Forest companies pursue certification at their discretion, independently or in cooperation with each other, with reduced structural or policy obstacles to certification.

Certifiers work with licensees to implement various certification systems and standards. Their work is potentially made easier than at present because licensees meet basic expectations of a long-term management commitment for a defined forest area.

First Nations, at their individual discretion, participate in tenure reform negotiations and cooperate with licensees in certification applications and audits. Joint venturing and other partnerships to encourage First Nations' support for licensees' certification applications are initiated at the discretion of individual licensees. First Nations with forestry tenure / operations pursue (or choose not to pursue) certification for their operations, based on their assessment of certification pros and cons.

(b) Key Characteristics of Scenario 3

(i) Tenure Arrangements

- major initiative is undertaken to convert existing volume-based forest licenses to area-based, long-term, replaceable tenures.
- conversions are likely conducted on a TSA basis, as opposed to "first come, first served", to ensure maximum opportunities for equitable treatment of licensees. However, because such negotiations may take some time, individual licensees that wish to pursue certification in short-term, and that have (or are provided)

"exclusive use" operating / chart areas, are allowed to temporarily amend their forest licenses by preparing an area-specific SFM plan and associated AAC (for government approval) that can facilitate certification.

- upon obtaining area-based tenures, licensees pursue certification approval, under the certification systems and according to the timing, that they feel will best advantage them in the market place.
- a SBFEP program is retained to continue to provide business opportunities for existing / new small, contract operators who do not want to take on full forest management responsibilities.
- in TSAs where conversion to area-based tenures is not attractive to licensees or is not feasible because of timber supply constraints, but where licensees want to pursue certification, licensees are offered the opportunity to form a consortium that would obtain a long-term, replaceable forest management license for the TSA (or a sizable portion thereof, depending on circumstances). Consortium members forfeit their individual existing forest licenses with the Crown, but retain approximately their existing quota as shareholders within the consortium. The consortium is the entity that applies for certification, and individual members are accountable to the consortium for meeting SFM plans that are developed for certification purposes.
- government also sees value in gradually increasing the number of smaller, community-based, area-based tenures to promote opportunities for certification under a diversity of certification systems. It initiates a program to issue such tenures, primarily using volume that is obtained through the five per cent "take back" provisions associated with corporate mergers and acquisitions.

(II) Management Plans

- government shifts onus for broader SFM planning and responsibilities, to licensees, by requiring licensees to develop SFM plans for tenured areas, and to meet performance standards, whether these are government-prescribed standards, or those required by independent certification auditors.

(III) Rate of Cut

- onus is placed on area-based tenure holders to develop justifiable / defensible AACs for their area-based tenures, with their SFM plans as a primary driver for determining AAC. Government approves AACs provided they are consistent with licensees' SFM plans.
- cut control policy is retained, although licensees are given opportunity to apply to government for relaxation of cut control requirements in order to meet certification expectations. Relaxation is approved where social objectives (e.g., wood supply, employment) are not unduly affected, and / or where "under-utilized" volume may be reallocated to establish other harvesting opportunities that are consistent with certification objectives.

(iv) SFM Performance Standards

- government adopts a core set of tenure-level SFM performance standards (criteria and indicators) as the basis for government audit and enforcement of tenure compliance. These "results-based" standards replace the existing "rules-based" regulatory approach in a revised Code, and are applied independently of certification standards. (As a variation on this, government could "defer" to certification audits where licensees are certified under systems with standards that "meet or beat" government's SFM performance standards — i.e., these operators are considered to be "low risk" because their performance is already being professionally audited and, as such, government reduces regulatory requirements for them).

2.7. Scenario 4 — Enhanced SFM Approach

(a) General Concept

Government acknowledges that British Columbia's set of sustainable forest management programmes adopted in the early 1990's (e.g., protected area strategy, strategic land use plans, Forest Practices Code) may be valuable, but still be seen by some markets or other external forces as insufficient to meet the requirements of all certification systems. There is an expectation that external forces are likely to continue to drive the forest management agenda in BC.

Government's current efforts to balance competing short-term social and economic goals with longer-term environmental aims — as reflected in BC's existing SFM program and policies — is thought to present too much mid- to long-term risk to the province, given that markets may seriously penalize producers that do not manage their forests to "full" SFM standards as defined by some external certification systems. It forecasts that attempts to encourage certification systems and standards to accept BC policy approaches as appropriate for ensuring sustainable forest management will likely not be successful in the long-term.

According to this scenario and based on this assessment, government would take the view that a more accelerated approach towards "enhanced" SFM is desirable. It sees a need for greater emphasis on maximizing both short- and long-term environmental benefits and economic opportunities that are consistent with SFM.

Government, therefore, decides to fundamentally change its existing approach to forest management by adopting a regulatory framework that, despite serious short-term social and economic transition difficulties, will result in forestry practices that are more consistent with rigorously-defined international certification expectations as they evolve over time (and also shifting domestic values). With this foundation in place, licensees would be presumed to be in an enhanced situation to pursue certification with the greater likelihood that their applications will meet the most exacting SFM interpretations.

Notably, government embarks on full, unconstrained implementation of the existing Code; develops and implements land use plans that protect important / sensitive forest values; offers increased opportunities for forest licensees to convert to area-based tenures; reallocates a sizable portion of existing timber supplies to small, area-based operations, including community forests and First Nations tenures; reduces AAC levels; and encourages growth and diversity in the value-added processing sector.

These changes are adopted in the short- to mid-term (e.g., over a ten-plus year period) on the assumption that they will produce long-term market access, environmental, and social and economic benefits, with widespread, internationally recognized certification approval being a natural consequence of the reforms.

Forest companies pursue certification at their discretion, independently or in cooperation with each other. Group certifications, involving combinations of smaller, area-based licensees, may be a more common certification approach, given the significantly expanded number of such tenures.

Certifiers work with licensees to implement various certification systems and standards. Certification approvals involving international certification systems are potentially more effective / efficient because government's policy framework and resultant products (e.g., land use plans, AAC determinations) are more consistent with those systems' expectations.

First Nations obtain a sizable increase in the number of forest tenures that they have under their direct control, and pursue certification for those areas at their discretion. They also continue to participate, at their individual discretion, with other licensees who are seeking certification approval for forests that are located within their traditional territories, and for which treaty settlements have not yet occurred.

(b) Key Characteristics of Scenario 4

(i) Tenure Arrangements

- government redeems a portion of AAC from existing major licensees by introducing new legislation to recoup volume, or by negotiating with tenure holders to voluntarily give up a portion of their volume in exchange for other benefits (e.g., opportunity to obtain long-term, replaceable, area-based tenure). This volume, in combination with other uncommitted volume, is allocated to a wide diversity of smaller, area-based tenures (e.g., community forests, First Nation tenures, woodlots, small business tenures).
- this major reform is undertaken, not only to respond to increasing demands for such tenures, but also to facilitate potential certifications under existing or new certification systems that are inherently geared towards such types of forest management units. Facilitating certifications under a diversity of certification systems is viewed as a prudent approach for minimizing potential risk to the province. Government also sees this as a way to encourage growth and

diversification in the smaller, specialty-cutting, value-added manufacturing sector, that presently has difficulty in obtaining access to wood supplies, and obtaining chain of custody certifications.

- existing and new licensees pursue certification approval, under the certification systems and according to the timing, that they feel will best advantage them in the market place.
- a SBFEP program is retained to continue to provide business opportunities for existing / new small, contract operators who do not want to take on full forest management responsibilities.

(ii) Management Plans

- government fully implements Code provisions, without constraints. Primary vehicle for doing this is land / resource use planning (government led and / or licensee led) that results in protection of high value biodiversity, habitat, watershed, fisheries, scenic, recreational, cultural, etc. values.
- a main planning outcome is decisions on spatial designations for old growth management areas, wildlife tree retention, habitat management areas, riparian zones, scenic areas, etc., with such decisions potentially secured through legally enforceable land use designations.

(iii) Rate of Cut

- AAC determination process is redesigned to de-emphasize short-term social and economic considerations (e.g., job, revenue impacts). This results in more immediate reductions to LRSY in management units where a harvest volume decline is forecast.
- AACs are driven primarily by spatial SFM plans for management units.
- cut control requirements are retained, although licensees may apply to government for relaxation of cut control requirements. Relaxation is approved where social objectives (e.g., wood supply, employment) are not substantially affected. (As an alternative, government could eliminate cut-control requirements entirely, leaving it up to markets and certification systems to drive rate of harvest decisions.)

(iv) SFM Performance Standards

- provincial SFM performance expectations are reflected in full implementation and enforcement of Code requirements. Existing Code requirements potentially evolve to a "results-based" model, based on a core set of government-approved SFM criteria and indicators that are consistent with "full", internationally recognized SFM standards.

2.8. Assessment Of Scenarios

This section attempts to anticipate the main consequences of adopting any of the four above-described scenarios. For each scenario high-level assessment comments are provided on:

- general effectiveness of the scenario in facilitating certification approvals under the systems that are relevant to BC
- administrative and cost implications for government and licensees
- practicality / feasibility of implementing the scenario in the short- versus the longer-term
- potential environmental implications
- potential socio-economic implications
- legal ramifications
- anticipated acceptability to certifiers
- consistency with stakeholder viewpoints on certification implementation, as determined through study consultation, and
- implications for addressing First Nations land issues.

Table 4 summarizes the potential consequences of implementing each scenario.

(a) Assessment of Scenario 1 — Reactive Approach

Scenario 1 reflects the philosophy that certification is primarily a private arrangement between individual companies and certification bodies and that government's existing regulatory and policy framework for forest management provide adequately for SFM. Accordingly, government assists in addressing certification implementation obstacles as they arise and to the extent that resources are available, but it does not adopt a program of reforms to proactively deal with certification implementation issues.

Judging from past certification approval levels, this scenario could be expected to produce "reasonable" levels of certification success under the CSA system and likely also the SFI system. High levels of ISO system certification would be expected to continue. Approvals under the FSC system would likely continue to be slow or difficult to achieve, given the lack of a mechanism under this scenario for addressing the volume-based tenure issue (although this is difficult to say with certainty in the absence of an approved BC regional FSC standard). If forest products buyers continue to express support for FSC certification, then this scenario may result in negative social and economic consequences for British Columbia in the mid to longer term.

This scenario most closely resembles the status quo and adopting it as a strategy for certification implementation in BC would result in the least cost and disruption for government.

It may, however, lead to increased cost and complexity for certification applicants that try to overcome certification implementation obstacles without focused / dedicated government assistance.

Scenario 1 reinforces BC's existing SFM program (e.g., Forest Practices Code, land use plans, timber supply reviews, etc.) and thus environmental performance and socio-economic outcomes related to forest management activities would be consistent with the current outlook. Depending on one's viewpoint, this will either protect ecological resources and the forest economy at suitable levels, or it will result in biodiversity losses and loss of industry competitiveness in the longer term. Government presumably supports the current SFM program on the basis that it reflects government's interpretation of the correct balance between environmental and socio-economic objectives, whereas critics of the government's SFM program advocate for policy changes that are more in line with the thrust of Scenario 4.

Certifiers and licensees could be expected to continue to experience some frustration under Scenario 1, primarily related to working in multi-licensee management unit settings where there is a high degree of shared management responsibility between licensees and government. These frustrations may diminish as experience is gained in applying various certification standards to the BC context, and as certification systems themselves adapt their standards to BC's reality.

Stakeholders and government itself recognize a need to move beyond Scenario 1. Given the importance of the forest sector to BC, the extremely high level of public ownership of provincial forest lands, and government 's direct involvement in many aspects of forest management, the status quo is seen by all stakeholders as an inadequate response to the rapidly emerging certification trend.

Aside from the ongoing implementation of government's existing First Nations consultation and treaty negotiations policy, Scenario 1 does not attempt to address issues respecting the relationship between First Nations and certification implementation. Although ISO, CSA and SFI certification is not significantly impacted by First Nation issues, FSC certification may be constrained due to the fact that the FSC system requires evidence of First Nations control over forest management on their lands and territories, or delegated control with free and informed consent.

(b) Assessment of Scenario 2 — Cooperative Approach

Scenario 2 reflects a policy where government is strongly supportive of certification and recognizes that a fairly high level of government participation in certification processes is required given government's pervasive presence (as forest land owner) in forest management activities. The following government actions to facilitate certification implementation are envisioned under Scenario 2 on the assumption that government wants to promote certification but is reluctant to make major structural reforms to the regulatory system given that certification is an as-yet "unproven" concept.

- cooperative SFM planning at the TSA level to overcome the "defined forest area and long-term management commitment" issue,
- reforms to government's land / resource planning system to make planning products more relevant to certification needs,
- enhancement of the TSR planning program to improve the rationale for AAC decisions,
- adjustment to cut control policy to allow certification applicants to apply for cut control relaxation on the basis of a certification requirement,
- development of a core set of provincial SFM performance standards, and
- encouragement of First Nations participation in and support for certification applications through provision of financial and / or non-financial incentives.

These reforms[2] should significantly improve the effectiveness and efficiency of CSA and FSC certification processes. Again, however, it is difficult to predict the impact on FSC certification success in the absence of a BC regional standard. Effectiveness under ISO and SFI certification systems should not be significantly affected by Scenario 2 reforms given that certification under these systems is generally quite easily achieved under current arrangements.

The cost to government of implementing Scenario 2 reforms can potentially be significant, depending on the extent to which they are adopted. For example, a comprehensive government program to prepare SFM plans for all TSAs in the province would be expensive. However, a more modest program to develop cooperative SFM plans for priority TSAs would be more manageable. Similarly, overall cost levels of implementing Scenario 2 would depend on the extent of efforts to reform the TSA planning approach, or the extent of incentives offered to First Nations to participate in and support certification initiatives. Some extra costs to industry to participate in SFM planning processes at the TSA level could also be anticipated.

In the short term, say within two years, it would be feasible to initiate and make good progress on most of the reforms envisioned under Scenario 2. Completing all the reforms would not likely be possible, however, until at least the mid term, say within five years.

From an environmental implications perspective, Scenario 2 should result in improved forest stewardship, primarily due to the availability of SFM plans for TSAs, completion of the landscape unit planning program which is designed specifically to conserve biodiversity values, and an improved TSR planning process. These reforms should produce better management decisions both at the landscape and operational levels.

---

[2] And potentially also other adjustments that are not specifically identified in the scenario description, but which would be consistent with the "cooperative" thrust of Scenario 2, such as increased government provision of public information on certification systems, increased government role in monitoring performance standards, reduced regulatory requirements for certified licensees, government recognition of SFM plans that forest licensees voluntarily prepare, etc.

In terms of socio-economic implications, this scenario should increase market access certainty as a result of the increased likelihood of certification success. In general terms, this should translate into community stability and revenue benefits, or at least help prevent losses in these areas that may result if certification approvals are not forthcoming. As well, the public participation component of SFM planning at TSA level should help ensure that community and stakeholder priorities are reflected in forest management decisions and this should contribute to enhanced socio-economic benefits at the local level.

It is expected that Scenario 2 would be supported by certifiers, licensees and other stakeholders who see active government participation in certification processes as essential given government's role as forest land owner, and remain concerned that the absence of a supportive government policy on certification presents a risk to the province and forest dependent communities. The November 2000 forest certification implementation workshop in Vancouver resulted in Scenario 2 receiving a fairly strong endorsement from most stakeholders as a practical and achievable approach for the short to mid term.

Although it is extremely difficult to anticipate the extent to which First Nations' support for certification would be achieved by Scenario 2, the scenario at least acknowledges the importance to certification success of addressing First Nations issues, and contemplates some specific measures to cultivate that support.

(c) Assessment of Scenario 3 — Independence Approach

Scenario 3 is in line with a general philosophy that government should create an enabling regulatory environment that gives licensees maximum freedom to pursue certification, independent of government. Accordingly, Scenario 3 envisions:

- conversion of volume-based tenures to area-based tenures,
- in the short-term, pending tenure conversion, enabling licenses that have (or are that provided with) an "exclusive use" operating / chart area to prepare SFM plans for "their" areas,
- in TSAs where conversion to area-based tenures is not attractive / feasible, offer licensees the opportunity to form a consortium that would obtain a long-term area-based tenure that replaces the individual forest licenses in the TSA,
- increase the number of smaller, community-oriented, area-based tenures through use of the "five percent take back" *Forest Act* provisions associated with corporate mergers and acquisitions,
- reduced government involvement in SFM planning and increased reliance on licensees to prepare SFM plans and meet performance standards,
- onus placed on area-based licensees to propose / rationalize AACs for government approval,
- adjustment of cut control policy to allow certification applicants to apply for cut control relaxation on basis of a certification requirement, and

- adoption of a core set of results-based SFM performance standards to replace "rules-based" approach to forest management.

Scenario 3 could be expected to be effective in facilitating CSA and FSC certifications, primarily due to the conversion from volume-based to area-based tenures. Both of these systems expect forest managers to be able to exert the level of forest management control that is inherent in a long-term, area-based tenure. The gradual increase in smaller, community-oriented, area-based tenures may also be compatible with FSC certifications. Success in achieving ISO and SFI certifications would be expected to continue at approximately current levels.

From an administrative cost perspective, government costs to implement Scenario 3 and effect the tenure conversion would likely be quite high, especially if any compensation is payable to some licensees that are unable to retain their existing level of harvesting rights. Once tenures were converted, government's regulatory costs would be quite limited. Licensees may find their management costs increase if they are handed extra responsibilities for SFM planning and monitoring, but perhaps no more than what they would face to maintain certification status. Some of the major costs involved in Scenario 3 would arise from the extensive policy, legislative and negotiation resources that would be required to move to a fundamentally different forest land management structure in BC for the areas of the province that are now under "shared responsibility" and are predominantly administered via multiple and sometimes overlapping volume-based tenures.

Scenario 3 is a relatively long-term proposition. Tenure conversion and replacement of a rules-based regulatory framework with a results-based model could conceivably take a decade to implement fully across the province. A protracted implementation period may seriously undermine the value of this scenario in facilitating certification given that implementation difficulties are being experienced now.

The environmental implications of Scenario 3 are difficult to forecast. Presumably the scenario would proceed only if forest stewardship outcomes "meet or beat" existing levels. It is possible that area-based control and the potential resultant increase in certification approvals would promote an enhanced level of SFM throughout the province. One of the likely implications is a trend to greater variance in the approach to and level of SFM performance among individual operators, with those that see market requirements or improved social license, differentiating their level of SFM performance from the performance of others.

Scenario 3 should produce socio-economic benefits related to expanded certification approvals and the increased assurances of market access that are associated with certification. Some employment dislocation impacts may result from application of the "five percent take back provisions", although overall forestry and value-added processing employment may increase as wood supplies are directed into the hands of more small, community-oriented operations.

Implementing Scenario 3 reforms would pose some fairly dramatic but not insurmountable legal challenges, especially as related to tenure conversion, possible formation of TSA level forest management consortia, expansion of licensees' responsibilities for AAC planning, and the possible adoption of a results-based regulatory model. A complexity of *Forest Act, Forest Practices Code of British Columbia Act*, and contractual changes could be anticipated.

The regulatory / management environment created by Scenario 3 should find acceptance with certifiers, given that the scenario overcomes the primary issues of working in multi-operator management units with diffuse forest management responsibilities.

Although many stakeholders support the concept of tenure conversion, most stakeholders share the view that tenure reform is something that should be approached cautiously and within the context of a systematic and holistic review of BC's forest management policy. Large-scale tenure reform to facilitate forest certification alone is not seen as a prudent approach.

With respect to First Nations issues, Scenario 3 places the onus on area-based licensees to engage in joint venture and other partnerships arrangements with First Nations to encourage their support for certification initiatives. This may or may not be an effective approach, depending on the effectiveness of individual licensees' efforts. First Nations interests may be advanced somewhat under the scenario if First Nations are recipients of some of the new small-operator, area-based tenures that would be created under the scenario. On the other hand, the widespread establishment of secure, area-based tenures to third parties may significantly frustrate the resolution of treaties.

(d) Assessment of Scenario 4 — Enhanced SFM Approach

Scenario 4 contemplates a provincial forest management policy that stresses rigorous environmental standards and a re-distribution of harvesting rights on provincial Crown land[3] It is based on the premise that sustainable forest management must place greater emphasis on future forest health and economic well-being by ensuring sustainable harvest levels and protecting ecological values. Specific reforms that are envisioned under the scenario include:

- full, unconstrained implementation of FPC, resulting in legal protection of important and sensitive environmental values,
- redemption of a portion of existing major licensees' AAC and reallocation of that volume to an assortment of small-enterprise tenure holders,
- accelerated reduction of harvest levels to levels that can be sustained indefinitely over the long-term, in management units where a harvest decline is forecast,
- adjustment of cut control policy to allow certification applicants to apply for a relaxation of cut control restrictions on the basis of a certification requirement, or alternatively, elimination of cut-control entirely,

---

[3] Note that these two elements are put together in this scenario as most stakeholders who suggested this "enhanced SFM approach" raised both issues; however, "higher SFM requirements" and "redistribution of harvesting rights" are not inherently linked policy items and could be looked at by a government as separate policy options.

- adoption of results-based SFM performance criteria that are fully consistent with internationally recognized SFM standards.

It is expected that Scenario 4 would be particularly effective in facilitating FSC approvals, given the general consistency between the scenario's characteristics and the FSC principles and criteria which appear to stress an eco-forestry approach. The scenario would also be effective in facilitating ISO, SFI and CSA approvals, however, the Scenario 4 level of environmental management is not required to achieve certifications under those systems.

Costs due to accelerated adoption of higher SFM requirements, full implementation of FPC requirements, and accelerated implementation of landscape unit planning without "budget" constraints, could be significant for licensees and for government. In terms of the impact of re-distributions of harvesting rights the administrative costs to adopt Scenario 4 could potentially be very high, depending on whether or not existing licensees agree voluntarily to forfeit some of their existing harvesting rights. Costs to government could be extreme if redemption was not voluntary and compensation to existing licensees was payable.

The Scenario 4 approach could not be fully adopted in the short term; it is a longer-term proposition that could take perhaps a decade or more to put into place fully. This would lessen its value as a response to addressing current certification implementation obstacles.

From an environmental impacts perspective, the scenario's implied reorientation from "industrial style" forestry to eco-forestry could be expected, over time, to lead to a higher standard of environmental protection and SFM. Unconstrained application of the Code and protection of key environmental values using legally enforceable designations would produce environmental benefits. Creation of numerous small management units may result in constant, intensive management activity across the entire forest land base and this, however, may lead to some negative ecological impacts.

There would be serious short-term socio-economic impacts (employment dislocation / community stability impacts) associated with Scenario 4, mainly as a result of the redemption of volume from existing licensees and more rapid reduction to long-term harvesting levels in management units where a decline is forecast. These impacts may be offset in the longer term as a result of potential employment increases that are associated with more intensive silvicultural activities and the potential expansion of the value-added processing sector. It is likely, however, that the overall provincial harvest would decline in the short to mid term under this scenario, given that small management units generally cannot sustain the same level of harvest on a per hectare basis as large units.

The extent of legal complications associated with Scenario 4 would depend largely on whether or not existing licensees voluntarily gave up some of their existing volume (in exchange for other benefits), so that it could be reallocated to other interests. If a legislated redemption is necessary, major litigation may result.

Certifiers should be comfortable with the working environment created by this scenario due to the resultant clarification of management unit boundaries and management accountabilities. It is likely, however, that more group certifications would result under Scenario 4.

Most environmental organizations, eco-forestry advocates, and some "sustainable communities" interests would strongly support this scenario, whereas most existing major industry interests, organized labour, and local governments would have major concerns about the short-term socio-economic implications of this scenario. Government itself would no doubt also be concerned about socio-economic implications and short-term revenue impacts.

First Nations may be supportive of Scenario 4 if it results in significant new opportunities for First Nations to acquire tenure rights and achieve associated employment and other economic benefits. However, the issuance of numerous new, small-enterprise, area-based tenures to third parties may create difficulties for resolving treaties.

TABLE 4: SCENARIO ASSESSMENT

Assessment Criteria	Scenario 1 Reactive Approach	Scenario 2 Cooperative Approach	Scenario 3 Independence Approach	Scenario 4 Enhanced SFM Approach
Effectiveness in achieving certification success	• effective for ISO and SFI • moderately effective for CSA, • limited effectiveness for FSC	• effective for ISO, SFI and CSA • potentially also effective for FSC, assuming that SFM plans for TSAs can be developed that conform with FSC principle 7 management plan requirements	• effective for ISO, SFI, CSA and FSC systems, primarily due to resolution of volume-based tenure issues • gradual increase in small, community-based tenures generally compatible with FSC certifications	• particularly effective for FSC system • effective for ISO, SFI and CSA certifications
Administrative cost implications	• low administrative / cost requirements for government • certification process costs continue to be borne primarily by licensees (i.e., scenario parallels status quo)	• moderate costs to government to facilitate or coordinate development of SFM plans for TSAs and undertake other reforms • costs to licensees to participate in SFM planning	• high implementation costs for government, but low costs for government once reforms are in place, (major reforms in management structures will require major organizational and legal changes) • cost increases for licensees associated with planning / monitoring	• higher SFM requirements across province will raise forestry costs for licensees • higher government costs to support accelerated planning, enhanced SFM policy implementation • in terms of changes to implement more 'small-enterprise tenures', moderate costs if existing major licensees voluntarily give up AAC; potentially very high costs if AAC redemption is not voluntary and compensation payable
Practicality / feasibility of implementation in short- versus longer-term	• high practicality / feasibility of implementation (in effect, scenario is already in place)	• possible to make good progress on reforms in short-term (within 2 years); however, completion of all reforms likely not possible until mid-term (within 5 years)	• cannot be fully implemented in short-term—this would limit the scenario's overall effectiveness in addressing immediate certification issues	• cannot be fully implemented in short term—this would limit the scenario's overall effectiveness in addressing immediate certification issues

Assessment Criteria	Scenario 1 Reactive Approach	Scenario 2 Cooperative Approach	Scenario 3 Independence Approach	Scenario 4 Enhanced SFM Approach
Environmental implications	• same as present (i.e., scenario emphasizes continuation of BC's current SFM program)	• enhanced forest stewardship, primarily due to availability of SFM plans at TSA level (currently none / few exist), enhanced TSR planning process, and completion of landscape unit plans	• likely no significant province-wide change in environmental outcomes compared to status quo outlook • SFM approaches more likely to increasingly vary by operator	• eco-forestry orientation, full Code implementation, and AAC reductions expected to produce environmental / SFM benefits • however, potentially some negative ecological impacts associated with creation of numerous small management units
Socio-economic implications	• no change in short-term • may be negative consequences in mid- to longer-term if markets continue to demand FSC certified products over other certifications • may hinder broader uptake of certification in BC, and more generally hinder BC maintaining market access	• potentially enhanced community stability and revenue benefits associated with increased certification effectiveness	• longer-term socio-economic benefits likely associated with expanded certification approvals • some employment dislocations probable from implementing "five percent take back" provisions	• significant short- to mid-term economic impacts / dislocations due to AAC redistribution and reductions • possible short to medium term viability impacts for some licensees, due to higher SFM requirements • impacts potentially offset over longer term by increased silvicultural employment and strengthening of value-added sector
Legal ramifications	• none—scenario can be implemented within existing legal framework)	• limited; reforms can be implemented within existing legal framework or with minor statutory adjustment (e.g., cut control adjustments)	• fairly substantial legislative and contractual change required	• moderate implications if AAC redemption is voluntary, potentially major litigation implications if it is not
Projected acceptability to certifiers	• limited acceptability—current frustrations expected to remain	• relatively high acceptability expected—scenario signals government's active engagement in addressing key certification implementation obstacles	• high acceptability expected given resolution of volume-based tenure issues	• high acceptability expected, although more group certification applications could be expected

Assessment Criteria	Scenario 1 Reactive Approach	Scenario 2 Cooperative Approach	Scenario 3 Independence Approach	Scenario 4 Enhanced SFM Approach
Consistency with stakeholder viewpoints	• not consistent; all stakeholders see status quo (i.e., reactive approach) as inadequate	• consistent with viewpoints of most sectors / interests (environmental community generally supportive but prefers more substantive reforms in line with scenario 4)	• although many stakeholders support tenure conversion as a main characteristic of this scenario, they do not support certification alone as providing sufficient rationale for initiating a large-scale tenure reform program	• strong support from environmental community, eco-forestry interests and "sustainable communities" advocates • resistance expected from major industry, organized labour, and local governments • government itself would have concerns about socio-economic and revenue impacts
Implications for addressing First Nations land issues	• no impact on addressing First Nations land issues as related to certification	• may contribute somewhat to addressing First Nations land issues as related to certification and consultation while more fundamental land claims issues are addressed • an efficient way for First Nations to participate early on with respect to SFM planning, with multiple licensees and operations	• implications depend on extent of efforts of individual licensees to encourage First Nations participation in certification processes and support for certification approval (e.g., via joint venture partnerships) • expansion of area-based tenures to third parties likely to frustrate treaty negotiations	• may receive some First Nations' support, depending on extent to which First Nations receive tenure opportunities • expansion of area-based tenures to third parties likely to frustrate treaty negotiations

3. CONCLUSIONS

This study has canvassed a wide cross-section of stakeholders and government personnel to identify issues related to implementing forest certification in BC. Many implementation issues have been identified and numerous solutions have been proposed for addressing those issues. Efforts have been made to identify "high level" implications of the proposed solutions.

Based on these research findings, we have arrived at the following main conclusions about forest certification implementation in BC.

The Current Approach to Forest Certification Implementation is Insufficient

The stakeholders and government personnel that provided us with comments are unanimous in their opinion that government needs to become more engaged in addressing forest certification implementation issues. This need arises from two main sources:

(a) BC's forest management system is characterized by extensive public ownership of provincial forest land and pervasive government involvement in almost all aspects of forest land management. As well, the majority of forest management activities take place in "multi-operator" management units where operators lack the level of long-term management control over a specified forest management area that is necessary to achieve straightforward approval under most performance-based certification systems. In this environment, it can be difficult and inefficient for licensees and certifiers to engage in certification processes without active government participation, and

(b) Certification is seen as an important international trend that shows no signs of abatement. There is growing world-wide interest in promoting SFM and certification systems are emerging as a key tool for implementing SFM principles. BC's forestry sector is heavily reliant on buyers in external markets that are demanding certified forest products. While BC has so far been a leading jurisdiction within Canada in seeing licensees beginning to embrace certification, BC as a province must aim to achieve more widespread success on certification, to ensure that the province as a whole can remain competitive in international markets.

Although government has increased its involvement and interest in certification activities over the last year, stakeholders and government personnel all advocate that government should adopt an even more supportive policy and associated program activities that can facilitate forest certification implementation.

Certification is recognized by many stakeholders as a potentially difficult phenomenon for government to come to grips with given that defining performance standards and processes for

SFM certification systems could potentially be seen as duplicating or usurping government's policy role as manager of publicly owned forest lands. Stakeholders, however, hold the view that government should not withhold its support for forest certification because it feels threatened by certification. Government is advised to continue to work closely with certification bodies and auditors to ensure that certification performance standards are developed and implemented that are appropriate to the BC context.

Government Should Remain Neutral on Merits of Alternative Certification Systems

No study comments were received to suggest that government should advocate or prepare for any one forest certification system to the exclusion of others. All systems are seen as having merit and individual licensees' choice of system(s) should be based on their individual circumstances.

Although most environmental and some value-added processing interests hold the view that government should take steps to ensure that the FSC system can be successfully implemented in BC, it is not evident that those interests think that government should necessarily endorse the FSC system above other systems. There is a general expectation that existing systems will continue to evolve and new forest certification systems may emerge, and that BC should position itself so that it is able to respond to all such certification developments.

A Cooperative Approach to Forest Certification Implementation is the Preferred Strategy

There are as many views on forest certification implementation as there are stakeholders. Nonetheless, there appears to be some general support among a majority of stakeholders for an approach to implementing forest certification that emphasizes close cooperation between the provincial government, licensees, certifiers and First Nations. This approach would primarily entail reforms aimed at the cooperative development of SFM plans for priority TSAs or portions of TSAs, enhancement of timber supply planning processes to improve the rationale for AAC decisions, and the initiation of efforts to make the government's Crown land / resource planning system products more closely aligned with certification requirements.

The current basic regulatory framework for provincial forest management (i.e., management units, tenure arrangements, Code implementation) would, however, remain substantially intact for the foreseeable future. Other potential characteristics of a "cooperative" certification implementation strategy are documented in section 2.5 in the description of "Scenario 2: Cooperative Approach".

Although government would play an active role in implementing this approach in efforts to create a workable "platform" for certification success, it would still be up to individual licensees to lead the certification process under the certification system(s) of their choice.

It should be made clear that not all stakeholders believe that the "cooperative approach" represents enough of a change from the status quo. Based on our consultations, an appetite is evident within the environmental community, and to a lesser extent in the value-added processing sector, for more substantive policy reforms[4] to facilitate FSC certifications, which is seen as the system that is most capable of producing outcomes that are consistent with their views on forest management.

While other sectors and some government representatives support some of these sentiments in-principle, they remained concerned about the potential short-term socio-economic implications of the suggested reforms and do not feel that such reforms should be adopted to facilitate forest certification alone.

A Number of Suggestions to Facilitate Forest Certification Implementation are Feasible in the Short Term

The above conclusion identifies some primary reforms that could be adopted to implement a "cooperative approach" to forest certification in BC. These, however, are not the only activities that could be undertaken to promote forest certification implementation in the province. Stakeholder contacts provided numerous suggestions for assisting with certification implementation, many of which could be acted upon in the short to mid term, say within two or three years, with relatively limited administrative or cost implications and within government's existing general forest management policy framework. A number of these activities are already underway to some level and it may only be a question of focusing or enhancing them. Others represent new activities that could potentially be initiated as part of a provincial initiative to facilitate more widespread forest certification implementation.

Certain of the suggestions made by stakeholders, however, are clearly initiatives that would involve substantial redesign of the province's forestry regulation system. For example, proposals to convert a large proportion of existing volume-based tenures to area-based agreements; to reapportion a substantial percentage of existing harvesting rights in favour of small-enterprise tenures; to adopt a non-declining, even flow timber supply policy to replace the current approach of gradual declines in certain management units; to replace the current Forest Practices Code with a results-based regulatory model based on government-defined SFM performance standards; to recognize aboriginal title throughout the province — these are major reform proposals with potentially enormous implications, both pro and con. They could not be considered for implementation without a detailed and systematic examination using a credible public process(es). Action on any initiatives of this scale and magnitude to facilitate forest certification alone would not be appropriate.

---

[4] Such as reallocation of a sizable portion of existing harvest rights to a diversity of small, community-based forest managers; full, unconstrained implementation of the Forest Practices Code; accelerated reduction of harvesting rates in some management units to levels that can be sustained indefinitely. See Scenario 4 in Chapter 2 for additional potential initiatives that are supported by reform advocates.

The following list identifies actions that have been proposed by stakeholders (and detailed in Part II) that government could consider in the short term to facilitate forest certification implementation:

1. *Staff Training and Awareness*: improve the level of field / program staff awareness on certification systems and issues, advise staff that government's policy is firmly supportive of all types of certification, and provide clear guidance on staff roles in assisting certifiers and certification applicants.
2. *Communications*: develop and distribute objective information to the public and stakeholders on certification systems, the status of their implementation, and the status of government activities to address implementation issues. Provide information to certifiers on how existing government policies (e.g., AAC determination policies) fit with certification requirements under various systems. Continue / increase dialogue with national government on strategies for communicating BC's forest management situation / practices / outcomes.
3. *Mutual Recognition of Certification Systems:* work closely with the federal government to promote harmonization or mutual recognition of certification systems across jurisdictions (e.g., PEFC acceptance of CSA system).
4. *Certification Systems Development:* continue to participate fully in and, to the extent appropriate, provide financial support for, certification organizations' (especially FSC) processes to develop new or refined certification performance standards for BC, to ensure that resultant standards are appropriate to the BC context and are equitable with similar standards that are developed for other jurisdictions.
5. *Increased Certification Implementation Capacity:* create the capacity that is needed at the regional and district levels to help licensees and certifiers overcome local problems / obstacles to certification implementation. This might involve providing technical information that is needed to support a certification process, identifying options to address application-specific certification implementation obstacles, participating in and leading SFM planning processes, reviewing and revising chart / operating area boundaries, etc. Supplying this capacity might mean that a dedicated "certification coordinator" is required in each region.
6. *SFM Plans for Priority TSAs:* analyze TSAs in relation to licensees' interest in pursuing certification, set TSA priorities for preparing SFM plans that would satisfy one or more certification systems, and initiate a program to coordinate the development of SFM plans for priority TSAs.
7. *Mechanisms for Securing Cooperatively Developed SFM Plans at TSA level:* investigate options for ensuring that the forest management provisions / commitments contained in cooperatively developed SFM plans at the TSA level are carried out (e.g., informal / voluntary mechanisms versus legally binding mechanisms).
8. *Crown land / resource planning processes and products:* advise / assist LRMP planning tables to develop plan-level SFM criteria and indicators that would be relevant to certification requirements. Consider certification activities and prospects when setting

priorities for implementing landscape unit planning processes. Increase land use certainty by implementing approved LRMPs and landscape unit plans through the timely adoption of legal Code designations (e.g., higher level plans, wildlife habitat areas, old growth management areas).

9. *Recognize Forest Licensees' SFM Plans and Associated Harvest Levels:* allow / encourage licensees that hold relatively "exclusive-use" chart / operating areas to prepare SFM plans for those areas that are required for certification purposes. Recognize the legitimacy of those plans by reviewing / approving them and holding licensees accountable to them. Consider apportioning cut levels for these areas. (This may require minor legislative change.)

10. *Cut Control Policy:* allow licensees to apply to government to have their cut control requirements relaxed on the basis of a certification requirement. Approve applications that do not present significant socio-economic impacts or where the under-harvested volume can be reallocated for uses that are generally consistent with certification aims. (This may require some minor legislative change.)

11. *Certification Implementation Costs:* investigate options for adjusting the provincial stumpage system so that it can be made to be more responsive to the incremental operational costs that specific licensees bear as a result of implementing certification (and potentially also other) stewardship requirements. (This may entail some legislative change.)

12. *Allocate Some Uncommitted Volume for New Community-based Tenures:* use a portion of existing uncommitted volume and a portion of any new volume that is identified as a result of corporate mergers and acquisitions to create some new small-enterprise, community-based operations. Approve these allocations on the condition that the new licensees obtain certification under one or more performance-based certification systems. Do this to encourage certification expansion and a potential increase in certified wood supply to the small, value-added processing sector. (This may entail some legislative change.)

13. *Regulatory Relief:* to encourage licensees to become certified, investigate the potential to reduce certain regulatory requirements for licensees that remain certified under one or more performance-based systems. (This may require some legislative reform, depending on type / extent of relief being contemplated.)

14. *First Nations Involvement:* explore ways of improving First Nations capacity / incentive to participate in certifications; review levels of support for traditional use studies that are required for certification processes; provide support in development of effective consultation protocols; and work towards effective interim measures agreements.

15. *SFM Monitoring Information:* move aggressively on the provincial State of the Forests monitoring / reporting initiative in order to provide objective information on the extent to which SFM criteria and indicators are being achieved in BC. Ensure that independent, outside experts participate in this initiative to give it the neutrality / legitimacy that is needed for acceptance of findings.

Part II

DETAILED REVIEW:

STAKEHOLDER INPUT ON FOREST CERTIFICATION IMPLEMENTATION ISSUES, AND ANALYSIS OF OPTIONS

INTRODUCTION

Part II describes the issues that stakeholders have identified as priorities that need to be addressed in order to facilitate certification of forestry operations in BC. This section of the report also describes potential options that may be available to government to address each of these issues and analyses the general implications of implementing these options. The issues that are discussed in this section are grouped into two categories: "Issues Related to Forest Certification System Requirements", which deals with the variety of essential requirements contained in certification standards applicable to BC; and "Issues Related to General Role of Government in Forest Certification Implementation", which deals with all other issues that government may have a general role in addressing.

Those who participated in this study were invited to do so as individuals rather than as sector representatives. However, in order to identify the general sources of options suggested for addressing issues raised during the study, we have attributed options to sectors with whom individual participants were most closely connected. These attributions do not suggest sector unanimity; often there were very different views within sectors. Individuals participating in the study had affiliations with the following broad sectors of interest:

- major industry
- small licensees
- private forest land owners
- value-added industry
- community forestry associations
- woodlot managers
- professional associations
- labour
- First Nations
- non-government environmental organizations (ENGOs)
- certifiers, and
- government agencies

ISSUES RELATED TO FOREST CERTIFICATION REQUIREMENTS

A. Defined Forest Area and Long-term Management Commitment

(a) Issue

Performance-based certification systems operating in BC are oriented primarily towards applicants that can demonstrate a long-term forest management commitment to a geographically defined land area.

For example, the CSA system requires applicants to develop a sustainable forest management (SFM) system for a "defined forest area". There can only be one SFM system on each defined forest area and only one registration applicant, although the applicant can comprise more than one individual or organization. The FSC principles and criteria require applicants to demonstrate a high level of ongoing management control over the area under application, including developing a management plan that defines long-term management objectives and the means of achieving them.

These systems' requirements appear to be based on the presumption that forest managers who own their forest lands or who have been granted exclusive and long-term management authority over a prescribed land area are more likely to achieve SFM because they have: (1) an undivided accountability to meet SFM standards, and (2) a greater commitment to apply SFM practices because only they will realize the long-term benefits of those practices.

A large amount of BC's annual timber harvest is allocated under volume-based and / or short-term, non-replaceable forest tenures in TSAs (i.e., multi-operator units) where meeting these certification expectations can be challenging. As seen in Table 5, three-quarters of all timber harvested on Crown land in BC comes from multi-operator management units (TSAs) comprising volume-based tenures. Table 6 permits us to calculate that over 80% of all current forest tenures in the province (3,940 out of 4,794) are volume-based tenures and / or short-term non-replaceable tenures.

TABLE 5: FOREST MANAGEMENT UNITS IN BC

Management Units	**No. Management Units**	**Allowable Annual Cut**	
		million m3 / yr.	**% of prov. total**
TSAs (multi-operator units)	37	53.7	75
TFLs (single operator units)	33	16.9	23.5
Woodlots & Community Forests (single operator units)	821	1.1	1.5
Total	891	71.7	100

TABLE 6: FOREST TENURES IN BC

Form of Tenure	Number of Tenures
Tree Farm License	33
Forest License, replaceable	151
Forest License, non-replaceable	47
Timber Sale License, replaceable & AAC>10,000 m3/yr	8
Timber Sale License, replaceable and AAC < 10,000 m3/yr	107
Timber Sale License, non-replaceable	3,616
Pulpwood Agreement	11
Woodlot License	814
Community Forest (Pilot) Agreement	7
Total	**4,794**

Source: Ministry of Forests (information current as of March 31, 1999). Note: timber sale licenses are issued under the Small Business Forest Enterprise Program (SBFEP).

As certification applicants, these licensees would be expected to demonstrate compliance with certification requirements (e.g., management planning, public participation, monitoring), yet they may not have the full role or authority to undertake these activities. Their tenure rights essentially entitle them to harvest a specified volume of timber, in a manner and in locations directed / approved by government. Forest management in TSAs is substantially a shared responsibility, with the BC government playing a pervasive and active management role. This 'diffusion' of responsibilities can seriously hamper or complicate forest certification for these licensees.

(b) Options for Addressing the Defined Forest Area and Long-term Management Commitment Issue

Five options were identified during the study for addressing the "defined forest area and long-term management commitment" issue. These are described and assessed below, and a summary of the pros and cons of the five options is provided in Table 7 at the end of section A.

(i) Cooperative Planning

This proposed solution would see all (or most) licensees in a TSA banding together with regional staff of key provincial agencies (i.e., MOF and MELP) to prepare a forest management plan for the TSA that meets the "plan / system" requirements of one or more certification systems. The process could be industry-led, or government could take the coordinating lead. There could be a proactive program to prepare forest management plans for all TSAs in BC, in anticipation that they will be needed for future certification efforts; or, the plans could be prepared on a more ad hoc basis, in response to the certification aspirations of one or more licensees in a TSA.

Once a TSA management plan is in place, all participants would agree to abide by its provisions. This could be an informal "handshake" agreement, or something more formal and binding such as a written agreement among the parties to comply with the plan. Licensees that see market advantage in obtaining certification would proceed with a certification application on the basis of the cooperative management plan.

As a variation on this, government could apply for certification for the TSA area on the basis of a cooperatively developed management plan for the TSA. If approved, wood harvested by licensees on the TSA could be marketed as certified, and individual licensees would not necessarily have to pursue their own certification applications (other than perhaps under the ISO system). This approach, for example, has been followed for public lands in Minnesota, where in 1997 the Minnesota Department of Natural Resources joined with a County land department to receive Smartwood certification under the FSC system.

The cooperative management planning approach, led by industry but with government cooperation, is being followed in the Kamloops, Fort St. John, and Morice TSAs in an attempt to facilitate CSA certification applications by individual licensees within the TSAs; and other cooperative management planning processes at the TSA level or even the forest region level are being considered.

Stakeholder Input on TSA-level Planning:

- government must cooperate with forest licensees in preparing and implementing TSA level sustainable forest management plans that meet certification requirements (major industry, certifiers)
- TSA-wide certifications are preferred over those for individual operating / chart areas for cost-effectiveness reasons, and to unburden an already "over-processed" public (major industry)
- sustainable forest management plans should be prepared for each TSA in the province, as part of a program of getting ready for licensees to pursue certification at their own pace (major industry)
- government should encourage local solutions to the area-based versus volume-based tenure issue, and empower district offices to follow this approach (major industry)
- for volume-based tenures, government and the licensee seeking certification for its chart area should sign partnership agreements whereby criteria and indicators, and roles and responsibilities are clearly defined (major industry)
- government should sponsor a pilot project to create a legal entity of some sort that brings TSA licensees into a cooperative type of arrangement (forest labour)
- government should overlay a TSA or portion(s) of TSA with Innovative Forest Practices Agreements (IFPAs) as a means of satisfying the certification requirement for a defined forest area and long-term management control (major industry, government staff)

Implications of Cooperative Planning

The main attraction of this solution is that it can occur within the province's existing regulatory and tenure system — no major policy or structural changes are required. In addition, it may be possible to "affirm" cooperative SFM plans by overlaying the TSA with an Innovative Forest Practices Agreement (IFPA), or some similar instrument, that "legitimizes" the management plan, and increases its implementation certainty.

It is premature, however, to say whether or not this approach will consistently lead to successful certification registrations and subsequent annual audit approvals. Although certification success can be anticipated under the CSA system (because that system endorses this general approach), it is unknown at this time if this approach would meet with FSC requirements, or others that may evolve over time. (Approval under the SFI system does not appear to be dependent on the development of a SFM plan for a defined forest land area.)

Also, cooperatively prepared management plans for TSAs are a relatively efficient option. Developing a single management plan for an entire TSA is likely to consume fewer resources (financial, time, public participation "capital"), compared to preparing management plans for sub-sets (i.e., operating / chart areas) within TSAs. As well, certification costs are shared among the planning participants. If government were to pursue certification on behalf of all TSA licensees the process could be even more efficient. A single certification for the TSA land base would reduce the potential for process overlaps, although government would be faced with the ongoing administration associated with overseeing implementation and maintenance of the certification approval. The system(s) that government pursued on behalf of TSA licensees may or may not fit well with the market requirements of individual licensees.

A further advantage of the cooperative TSA planning approach lies in the relationship to AAC decision-making. If individual forest licensees apply for certification over a sub-unit within a TSA, they may have difficulty in rationalizing their harvest level as sustainable. This is because TSA AACs are normally determined for the larger TSA unit, not sub-units within. The TSA is the unit for which timber supply data is collected / analyzed, and AAC rationalizations are available.

A main disadvantage of this approach is the potential complexity of attempting to bring together diverse licensees and stakeholders to voluntarily develop and agree to implement a SFM plan for an entire TSA. Not all operators in the TSA will necessarily see advantage in investing the time, effort and money in preparing and committing to a SFM plan, and yet the involvement of most licensees and their ongoing commitment is essential. As well, as an added complexity, operators within a TSA may change over time. Certification is normally thought to be a "voluntary" arrangement between a company and a certification body, and this approach impinges on that concept.

Also, individual forest licensees seeking certification over their chart / operating area (assuming that an "exclusive use" chart area is available) could probably move more quickly on a certification application, rather than waiting for the completion of a group management planning process before their certification application.

Another potential problem with the cooperative TSA-level management plan approach lies in the nature and scope of the management plan itself. Where there are unresolved land use (allocation) questions, the management planning process may be forced to deal with these. This may imply a substantially different type of planning process involving different stakeholders, beyond those with only a local forest management / certification interest. This issue could be addressed by the availability of government's strategic land use plans (e.g., LRMPs) and multi-stakeholder committees for overseeing land use plan implementation / monitoring (which are normally organized on a TSA basis); however, completed land use plans and plan monitoring systems are not in place for all areas of the province, and completed plans do not necessarily resolve all land use issues.

(ii) Independent Control

Like the above proposed solution, but at a different spatial scale, this proposed solution aims to "simulate" a defined forest area without actually granting a licensee exclusive tenure rights to a defined forest area. Forest licensees with a chart / operating area that does not overlap with another licensee's chart / operating area would be allowed by government to prepare a forest management plan for that area that addresses the requirements of one or more certification systems. They might also be permitted to propose a partitioned AAC for their chart / operating area. Government would review and approve the management plan and the partitioned AAC and these approvals would be reflected in an amended forest license agreement that constitutes government's endorsement of the arrangement and the licensee's legal obligation to the arrangement. The licensee could then pursue certification, with the defined forest area issue "off the table".

If and when it became necessary to relocate the licensee's chart / operating area elsewhere in the TSA, the licensee would be required to prepare and have endorsed a new management plan and AAC for the new chart / operating area. They would also need to have the new forest area re-certified.

Stakeholder Input on Independent Control:

- allow licensees to amend their licenses to prepare sustainable forest management plans for their individual chart areas (major industry)
- provide licensees with secure chart areas, as "proxy" for the idea of a defined forest area; allow licensees to develop a management plan for their operating area that government can approve and use as a basis for reviewing and approving operational plans (major industry)

Implications of Independent Control

A primary advantage of this suggestion is that it can be done within the existing TSA management unit structure. No new or different tenure arrangements are required, although modification of existing forest licenses would be necessary. It would allow individual licensees to approach certification at their own pace and according to their own preferences on certification systems. This arrangement has been demonstrated to be workable in BC, at least under the CSA certification system. In 1999, Weldwood achieved CSA certification for one forest license in the 100 Mile TSA, covering their "traditional operating area" where they are the only operator.

The major requirement for this suggestion to be effective is that interested licensees must have (or be provided) a stable chart / operating area over which they have exclusive harvesting authority for a reasonably long period. The province-wide extent to which this situation presently exists for licensees is not known. Where the situation does not exist and where one or more licensees is interested in pursuing certification, it may be necessary for government to bring licensees together to negotiate a re-allocation of chart / operating boundaries. Such negotiations can, in themselves, be a difficult and a time consuming process.

A concern that government may have about this suggested approach relates to reduced flexibility to respond to timber supply issues (i.e. salvage). Forest licensees' chart / operating areas presently are unofficial "units" that are useful for administrative and planning purposes — they have no legal status. Licensees presently have no guarantee that they will not be moved, at government's discretion, to another chart / operating area, or that other operators will be kept out of their traditional chart / operating areas. Giving forest licensees legal recognition of their rights to a chart / operating area in a modified forest license agreement may constrain government's freedom to make chart / operating area adjustments that it needs to respond to issues that may arise.

First Nations may also object to this approach, given that the revised forest licenses would begin to approach the appearance of area-based tenures, which imply strengthened third party rights to specific land and resources. First Nations may wish to negotiate for these same rights in treaty processes.

(iii) Tenure Conversion

Research conducted for this study revealed fairly widespread support among major licensees for converting volume-based tenures to area-based tenures as a means of meeting the certification requirement that applicants demonstrate a long-term forest management commitment to a defined forest area.

Other groups such as environmental interests, small business licensees and value-added processors also voiced preference for area-based tenures, but in the context of the need to facilitate certification by allocating area-based tenures to an increased diversity of small forest managers (e.g., communities, woodlots, First Nations). The suggested source of timber volume for enabling this to occur is to use unallocated volume that is obtained through corporate mergers and acquisitions (i.e., five per cent "take back" provision in *Forest Act*) and / or to redeem volume from major licensees through negotiation or legislated redemption.

Stakeholder Input on Tenures Conversion:

- experiment with / gradually convert to area-based tenure alternatives for corporations, communities, cooperatives, First Nations, etc. (major industry)
- move to area-based tenures and redistribute tenures away from integrated corporations to community forests and First Nations, to meet FSC principles 2.1 (long-term forest rights) and 2.2 (community control) (FSC certifier)
- in long-term, large industrial tenures should be reduced; in short-term the "five percent take back" option should be exercised to acquire volume for redistribution to small area-based tenures (FSC certifier)
- target should be 10 per cent volume-based tenures, 90 per cent area-based tenures, where area-based licensees are licensed no more than 75 per cent of the volume required to feed their mills (i.e., licensees would have to by remaining 25 per cent on open market). Reallocate the 25 per cent to small area-based tenures (major industry)
- large companies focus on cheapest management rather than sustainable forest management; need to look at ways of separating woodlands operations from manufacturing operations, and putting volume into hands of alternative operations such as area-based community forests and First Nations tenures, to increase the incentive to management lands sustainably (small licensee)
- community forest boards made up of broadly representative community and stakeholder interests should be the single stewardship authority (informed citizen, government staff)
- don't bring in area-based tenures strictly to facilitate certification; reform the tenure system to achieve a broader range of objectives (major industry)
- don't need different tenure arrangements to achieve certification, provided that government helps sort out overlapping chart / operating areas, or encourages group processes (government staff)
- consider splitting the Small Business Forest Enterprise Program into two categories: area-based and volume-based. Possibly allow this volume to be managed by "certified resource managers" under the FSC system (small licensee)
- convert Small Business Forest Enterprise Program wood supply to area-based tenures and move to get them certified to FSC standards (ENGO)

Implications of Tenure Conversion

Converting existing TSA forest licenses to long-term, replaceable, area-based licenses would certainly meet the certification expectation that applicants demonstrate a long-term management commitment to a defined forest area. Applicants could progress towards certification systems of their choice and at their own rate, without the need for the involvement of other licensees of the government. Facilitation of a licensee demonstrating to a certifier the ability and accountability for that land base into the future would likely be one result.

The process of converting from volume-based to area-based tenures would, however, not occur without some major transition difficulties and impacts. Firstly, the process itself would entail a highly complex negotiation among TSA licensees. It would likely not be feasible, due to inequity concerns, to allow existing forest licensees to simply apply to the government to convert to area-based tenures on a "first come – first served" basis. Past harvesting levels and locations, species mixes, land quality, operability patterns, variability in costs of accessing and harvesting timber based on remoteness, terrain, environmental constraints, etc. would all have to be considered in relation to TSA licensees' existing chart / operating areas, existing AAC apportionments, and existing business requirements and future plans.

All TSA licensees would necessarily be involved in the tenure conversion process even if they were not interested in obtaining an area-based tenure or proceeding with certification. Uninterested licensees with legal agreements to a replaceable volume-based tenure may be able to enforce those agreements, thus rendering a negotiated tenure conversion process for a TSA ineffective.

A second disadvantage of the tenure conversion approach relates to potential AAC impacts. For the reasons discussed below, dividing a large management unit into smaller management units could lead to a reduced overall timber supply for that area.

Finally, First Nations can be expected to object to tenure conversions in their traditional territories, based on concerns about potential prejudicing of treaty negotiations. In addition, the province could potentially lose flexibility to negotiate land claims, due to the inability to negotiate with lands that are held under replaceable area-based tenures without paying compensation to the area-based license holders.

Any program to redeem volume from major volume-based licensees and re-allocate it to a diversity of small, area-based licensees (as proposed by environmental interests, small industry representatives and value-added groups for facilitating certification implementation), would face similar but even more difficult implementation issues. To start with, there would be significant added complexity in structuring a negotiation to encourage licensees to voluntarily forfeit volume in exchange for benefits such as long-term, replaceable, area-based licenses. A non-voluntary redemption of volume using legislation would have potentially huge implications for BC's investment climate and may have major litigation implications.

Assuming that these "threshold" difficulties could be overcome, dividing the land base up into an array of small-enterprise, area-based tenures would have other impacts. Because of the loss of flexibility to move operations around within a larger management unit, a program to create numerous small, single operator units out of a larger multi-operator unit is likely to reduce timber supplies. Although each management unit is unique and timber supply reductions would not necessarily occur in all units, recent research in a management unit in the Kootenay region estimated that harvest reductions of between 4 and 17% would occur if that unit is divided up into four or five sub-units.[5] The greater the dis-aggregation, the greater the potential short-term impact on timber supplies and associated employment and revenue flows.

Creating a large number of small, area-based tenures may also have negative ecological consequences at the broader landscape level due to the likelihood that all lands within area-based tenures would be subject to some form of continuous management action (e.g., road building, harvesting, silviculture). The opportunity to conduct harvesting in a watershed and then move out and leave it alone for a few decades would be less feasible.

Finally, single operator, area-based licensees face significantly more business risk than volume-based licensees in a TSA. A pest infestation or a single fire event could easily "wipe out" a small, area-based operator, whereas in a multiple operator management unit, the risk is shared among the other licensees and the government.

---

[5] See Ministry of Forests' "Spatial Timber Supply Modelling Project", available at www.for.gov.bc.ca/research/stsmp/subunits.htm

On the benefits side of the ledger, conversion to area-based tenures may, in addition to facilitating certification success, lead to increased investor certainty which, in turn, may result in enhanced investment into timber stands with associated productivity and product quality increases.

A strategy to reapportion timber supplies to a broad diversity of small, area-based tenure holders may increase the availability of certified wood supply to the specialty cuts, value-added sector which presently can experience difficulty in obtaining wood supply of any type, let alone certified wood. In turn, this may lead to increased success for value-added producers in achieving chain of custody certifications that can assist with market penetration and potentially obtaining product price premiums. Overall growth and diversification in the value-added sector may be encouraged as a result of such tenure reforms, although there may, depending on the pace of the reforms, be short-term socio-economic impacts and dislocations associated with the industrial restructuring that is implied by the reforms.

Outside of any certification implications, woods-related employment increases may also derive from movement towards a broad diversity of small area-based tenures. This may occur as a result of increased emphasis on local-level stewardship activities and lowered profitability expectations. Again, however, this may be at the expense of short-term employment dislocations among existing woods workers that are "tied into" the existing industrial structure.

A tenure reform program that led to substantially increased opportunities for small, First Nation community tenures could potentially lead to increased First Nations' support for certification of non-First Nation licensees. With increased forest-related economic opportunities of their own, First Nations may not feel so compelled to bargain their support / consent for certification approval of third parties.

(iv) Consortia

This proposed solution to the defined forest area and long-term forest management issue would see government encouraging, or requiring, existing forest licensees within a TSA to form a consortium. The licensees would become "share holders" in the consortium, commensurate with their existing timber volume quota. The consortium board would be responsible for overseeing the development of a forest management plan for the TSA, managing member's operations within the TSA, and proposing an AAC for the management unit for government approval.

The consortium would be the entity that seeks certification for the TSA under one or more certification systems on behalf of its members and, once obtained, would coordinate the implementation of certification performance requirements. The existing forest license agreements in the TSA between forest companies and the Crown would be cancelled in favour of a single, long-term, replaceable, area-based tenure agreement with the consortium. The agreement could stipulate a requirement for the consortium to continue to offer a percentage of the volume within the management unit to market loggers and small saw millers in order to continue to meet demand for wood supply opportunities from that sector.

This model is reported to be followed in Ontario, Quebec and New Brunswick and is apparently working relatively well to facilitate forest certification and achieve other benefits.

Stakeholder Input on Consortia

- the fact that there are multiple licensees in a TSA should not be a problem, so long as licensees cooperate fully to achieve and retain certification. But this may be hard to achieve in practice and over time. One option might be to a form a legal entity that is a separate corporation with the individual licensees as shareholders (forest labour)
- for some TSAs, consider the option of forming a consortium where forest licensees become members (shareholders) of the consortium, and the consortium is responsible for planning, inventories, reforestation, certification, etc. (government staff)

Implications of Consortia

The primary attraction of this potential solution is that it would allow certification to proceed without adjustment of existing management unit boundaries. Forest companies would be able to continue to operate in their same locations within a TSA and to follow their existing general business plans. The only thing that would change is the nature of their contractual arrangements with the province. Dealing with only one licensee as opposed to managing the operations of multiple licensees would no doubt be attractive from government's perspective.

Another main implication of this approach is that timber supplies would not be impacted, as they might be under a tenure conversion approach (see (iv) above) — AACs would continue to be determined for the larger TSA management unit. Neither would this approach lead to landscape level ecological concerns and licensee liability concerns that are potential problems under an area-based tenure approach.

A main difficulty with the "consortium model" is that it may not be possible to implement it on a voluntary basis. All licensees within a TSA would have to see advantage in proceeding, although it may be possible to proceed initially by licensing a consortium for a portion of a TSA. An alternative is for government to require existing forest licensees to form a consortium. This, however, may involve legal challenges from forest licensees that do not wish to change their existing arrangements. Under the consortium model, individual companies would not be free to pursue certification according to their own agenda and preferences.

As well, communities and other stakeholders may see the consortium as an undesirable concentration of power, although the model could be structured to include community interests on the consortium board.

Other implications, whether positive or negative, would depend on the way that the consortium was structured (e.g., whether or not government would have any influence over approving corporate mergers and acquisitions).

(v) Longer Small Business Forest Enterprise Program (SBFEP) Tenures

The vast majority of SBFEP licensees (97%) operate under short-term (most commonly one or two years), non-replaceable timber sale licensees that, by themselves, offer no guarantees of long-term SFM on the land. This essentially prevents these operators from becoming certified under performance-based systems, unless government agrees to become closely involved in the certification application by accepting ongoing SFM obligations on the land being certified.

A proposal raised during the study by existing SBFEP licensees is to provide the opportunity for longer timber sale license tenures, in order to meet certification expectations of a long-term forest management commitment. While this may be feasible for some timber sale licensees — where the tenured "area" (although these are not area-based tenures per se) and the allocated volume are sufficient to accommodate harvesting and management over a longer timeframe — the majority of SBFEP licensees operate under agreements that allow them to harvest relatively small volumes of tendered wood, in small geographic areas, in a relatively short time-frame, without any rights of tenure replacement.

Stakeholder Input on SBFEP Tenure Duration

- issue long-term volume-based SBFEP licenses (small industry, First Nations)

Implications of Longer SBFEP Tenures

Offering an increased duration of timber sale license implies a need to also allocate greater volumes to accommodate increased harvesting activity that would occur during the longer tenure period. There would be little point in having, say, a 10-year replaceable tenure, if harvesting activity was complete in one or two years. The consequence would be fewer annual timber sale opportunities, compared to present levels.

Neither would this approach address performance-based certification expectations that operators have exclusive management authority over a defined forest management unit. For it to be effective, timber sale licensees would essentially need to be granted an area-based tenure with attendant long-term forest management responsibilities. Most SBFEP licensees do not aspire to these types of responsibilities; they are independent market loggers or small sawmill owners, not forest managers.

The potential for SBFEP licensees to become certified may be enhanced if the SBFEP is incorporated into cooperative forest management plans for TSAs (see (i) above) or for TFLs, where long-term SFM performance measures and roles and responsibilities for achieving the measures are spelled out. Alternatively, the potential for SBFEP licensees to offer certified logs to buyers may be improved if government pursues certification for SBFEP lands under one or more certification systems.

To this end, MOF is presently proceeding with ISO 14001 registration for the SBFEP organization in the Vancouver Forest region, and SBFEP organization in other regions may be "added in" at a later time. The SBFEP is participating in CSA pilot projects for the Fort St. John, Kamloops and Morice TSAs. As well, testing is being done in the Kootenay region's West Arm demonstration forest to determine if FSC checklists may be applied successfully.

TABLE 7: IMPLICATIONS OF OPTIONS: DEFINED FOREST AREA / LONG-TERM MANAGEMENT COMMITMENT

Option	Advantages	Disadvantages
Cooperative Planning	• no structural changes required (TSAs remain intact) • could be "overlain" with IFPA (or similar instrument) to "confirm" plan • efficient, compared to alternative of multiple SFM plans and certifications • no impact on AACs (i.e., no short-term socio-economic dislocations)	• may be effective for certification under some systems but not others • difficulty / complexity in bringing licensees / stakeholders together to plan on voluntary basis • progress may be too slow for some licensees • assumes availability of government land use plans that provide basic land use certainty
Independent Control	• no structural changes required (TSAs remain intact) • individual licensees progress at own discretion / pace • already demonstrated as workable in BC (i.e., Weldwood certification)	• need to modify individual forest licenses • stable / exclusive use chart / operating areas not necessarily available • reduced government flexibility to respond to TSA issues • potential First nations concerns • short-term / interim solution at best
Tenure Conversion	• consistent with certification expectations of DFA and long-term mgt commitment. Therefore, should facilitate certification success • applicants progress independently at own pace • increased investor certainty and potential investment increases into productivity and quality • potential increases in value-added processing sector (if numerous small area-based tenures created) and success in achieving chain of custody certifications	• complex negotiations at TSA level • not all licensees may be interested in participating • difficult to achieve equity among licensees • short-term AAC impacts due to reduced operational flexibility • potential First Nations concerns, and reduced government flexibility to negotiate treaties • potential ecological impacts at landscape level due to fragmentation of land base into numerous management units • increased licensee liability (fire / pest risk) • potential short-term employment dislocations if numerous small area-based tenures created
Consortia	• consistent with certification expectations of DFA and long-term mgt commitment. Therefore, should facilitate certification success • no structural changes required (TSAs remain intact) • efficient from government administrative perspective (one licensee versus multiple licensees) • no AAC, ecological, or licensee liability impacts associated with fragmentation of TSA land base into multiple management units	• may be difficult to implement on voluntary basis • consortia members limited from pursuing certification according to their own agendas / preferences • potential concentration of power • potentially reduced government authority to influence forestry activities in public interest
Longer SBFEP Tenures	• may help facilitate certification approvals	• may result in fewer annual timber sale opportunities compared to present levels • doesn't address defined forest area issue – would need to also grant area-based tenure, but many / most SBFEP licensees not interested in becoming forest managers

B Sustainable Forest Management Plans

(a) Issue

Both the CSA and FSC certification programs require applicants to demonstrate that a forest management plan exists for the land area being certified. Moreover, the plans must be prepared following prescribed procedures and / or must contain prescribed elements.

For example, under the CSA system, applicants must create a sustainable forest management "system" that involves preparing a SFM plan, based on public participation, that is specific to the defined forest area for which certification is being sought. Among other things the SFM plan must include a statement of forest values, goals, indicators and measurable management objectives. The plan must identify the procedure for monitoring the indicators and management objectives, as a basis for determining if management actions are achieving the values and goals identified for the defined forest area.

Under the FSC system, principle 7 requires applicants to maintain a management plan that includes a variety of elements including: management objectives; resource descriptions; management / silvicultural systems that will be employed; rationale for annual harvest rate; provisions for monitoring forest growth / dynamics; provisions for environmental safeguards; plans for protecting species at risk; maps describing the resource base, protected areas, planned management activities and land ownership; and a description of harvesting techniques and equipment.

The ISO system requires registrants to maintain an "environmental management system", including developing an environmental policy and plans to address "environmental aspects", but they are not specifically required to develop a spatial management plan for the lands on which they operate. The American Forest and Paper Association's SFI standard requires applicants to have policies, programs and "plans" in place to achieve the system's objectives and performance measures; however, there is no specified requirement to develop a forest management plan, *per se.*

As discussed in section A above, no forest management plans are presently prepared for TSAs in BC and existing licensees do not have the authority to independently create forest management plans for these units. Although government has prepared, or is in the process of preparing, strategic land use plans covering regions and sub-regions (SLUPs) for approximately 80 per cent of the provincial Crown land base, including TSAs, these regional plans and LRMPs do not fully meet the SFM management plan expectations of the CSA and FSC certification systems.

Government's SLUPs are aimed primarily at addressing broad land allocation issues, notably protected area strategy designations, and deriving broad management objectives and strategies for resource management zones within the plan areas. Although SLUP content and level of detail vary quite widely, invariably they do not contain all of the elements that are expected to be found in a SFM plan that would be required for certification purposes. SLUPs do, however, entail a high level of public participation which is a required element of SFM planning.

In addition to broad scale planning that is done for regions and sub-regions, government also operates a more refined resource planning program for landscape units (e.g., watersheds). The thrust of this planning program is to plan for key elements of biodiversity conservation, (see Section D, Environmental Protection).

The idea is that broad land / resource objectives defined in SLUPs would provide management direction for more specific resource objectives and strategies at the landscape unit level. Landscape unit objectives would be translated into operational plans such as forest development plans and silviculture prescriptions and implementation of these in the field would result in on-the-ground achievement of the SLUP and landscape unit objectives.

The Forest Practices Code enables this nested set of resource objectives to work through the "higher level plan" mechanism. Resource objectives that are defined through a planning process may be officially established as higher level plan objectives which creates a legal requirement for "lower level" plans to be consistent with the higher level plan objectives. The issue is that although objectives have been developed (or are being developed) through SLUPs for a large portion of the province, only a sub-set of these has been established as legally enforceable higher level plans, and no landscape unit objectives have been established as legally enforceable higher level plans. Critics argue that failing to establish these legal designations reduces land / resource use certainty in BC and can impede forest certification.

The question that has been raised in certification processes to-date in BC is, can the government's land and resource planning processes be adjusted to more closely meet certification expectations respecting forest management planning?

(b) Options for Addressing the Sustainable Forest Management Planning Issue

Three options were identified for addressing the "sustainable forest management planning" issue, as below. These suggestions are in addition to the input that is covered in the previous section, which outlined the option of government working with licensees on a TSA or sub-TSA wide basis to facilitate the development of TSA SFM plans. Table 8 summarizes the pros and cons of the three options.

(i) Develop Sustainable Forest Management Plans

This option would see SFM plans prepared for TSAs (or major portions of TSAs) as a basis for meeting the requirement of certification systems for applicants to prepare and follow a clear sustainable forest management plan. This option, stakeholder input on this subject, and an assessment of the pros and cons are discussed in section A(i) above.

(ii) Closer Crown Land Planning—Certification Links

Licensees and certification auditors see opportunities for using government's Crown land / resource planning program to facilitate certification approvals. In particular, they propose that the high level of public participation that is a main characteristic of the LRMP program should be employed to produce planning products, such as sustainable forest management indicators that are required to be created in the CSA process through public participation. If government's public participation processes could produce these outputs, then the job of the certification public participation process would be made far easier.

Other proposals for enhancing the linkage between government's planning system and certification applications are essentially aimed at ensuring that the planning system is implemented the way it is intended. Certifiers, licensees and ENGOS alike see certification value in having directive land / resource plans that increase the level of land / resource use certainty and address other certification standards.

Stakeholder Input on Crown Land Planning—Certification Links:

- complete Land and Resource Management Plans (LRMPs) and adopt programs for implementing / monitoring those plans, as a foundation for certification processes and to enable relationship building that is important for certification processes (ENGO)
- clarify the role of the public in government's various land use planning initiatives in relation to the CSA public participation process (major industry)
- address certification standards in LRMPs, including getting planning tables to develop criteria and indicators that would meet CSA certification needs (certifiers, major industry)
- ensure that the Crown land planning framework (LRMPs and landscape unit planning) is working efficiently to support certification needs, including: developing clearer management intent in LRMPs, developing LRMP indicators that fit with CCFM and certification indicators, fully implementing plan outcomes, ensuring consistency between planning levels, developing plans that are more spatially specific (certifiers, major industry)
- government should either develop landscape unit plans or enable licensees to do it themselves (ENGO)
- align landscape *unit* plans with TSA boundaries to facilitate greater ease of certification (major industry)
- consider a longer-term planning horizon in forest development plans, and encourage licensees to address issues in forest development plans that re likely to be factors in certification applications (certifier)
- government's role should be to develop and promote sound planning methods / techniques that support rational decision-making (e.g., improved models, sensitivity analysis, impact assessment) (major industry)

Implications of Closer Crown Land Planning—Certification Links

The obvious advantage of this proposal would be increased efficiency for the certification process. For example, the CSA SFM planning process in the Kamloops TSA is reported to have benefited immensely from the availability of the management direction provided in the Kamloops LRMP, and the performance indicators that have been developed through a public process for monitoring the long-term effectiveness of the plan. Having SFM indicators developed through the LRMP process may also be less demanding for public participants in the certification process, who may be experiencing process "burnout", since it is often the same individuals who would be involved in both LRMP and certification public participation processes.

The efficiencies gained in the certification process, however, may be offset by increased time and cost at the LRMP planning Table. LRMP processes already pursue an ambitious terms-of-reference and asking them to "drill down" even further to produce specific SFM monitoring indicators may be expecting too much from these processes.

In addition, there are only a few TSAs in the province where government-sponsored strategic land use plans have not been completed, or are close to completion. The only real opportunity to have the LRMP planning Tables develop SFM performance indicators would be at the time of scheduled plan review / amendment (approximately every 8 years), or as part of plan effectiveness monitoring processes. Presently there is no clear policy or program on LRMP plan review or effectiveness monitoring — each LRMP is approaching this independently, to the extent that base budgets are available for such initiatives. Although plan effectiveness monitoring guidelines have been developed by LUCO that advise on how to go about establishing monitoring indicators, the guidelines are silent on the potential relationship between plan effectiveness monitoring and certification monitoring.

The main implication for government of the option of fully delivering the Crown land planning system to facilitate certification is primarily one of cost. Planning processes, especially those entailing a high degree of public participation, are expensive. The main challenge at present is the cost of implementing approved LRMPs through more detailed planning processes which are often necessary to translate broad LRMP intent into more spatially-specific resource management direction. (e.g., through total resource planning, landscape unit planning). As the first pass of LRMP planning for the province nears completion, there may be future opportunities to re-direct existing LRMP budgets into further, more detailed planning that could assist with certification implementation.

(iii) Legalizing Land Use Plan Provisions

This suggestion is aimed at increasing the level of certainty that government's land / resource plans will be implemented by employing land use designation tools under the FPC, especially the "higher level plan" (HLP) designation.

A HLP designation creates a requirement for operational forestry plans (i.e., forest development plans, silviculture prescriptions, range use plans) to be consistent with the resource objectives stated in the HLP. So, for example, if an LRMP or a landscape unit plan identified a biodiversity objective for a particular area, and if that area-specific objective was adopted as a HLP, then statutory decision-makers such as Ministry of Forests' district managers must ensure that the forest management actions defined in an operational plan do not conflict with the HLP objective.

Establishing HLPs for completed land / resource plans is discretionary and, at present, HLPs have been created for only selected LRMPs (although several new ones are in preparation); and no landscape unit plan objectives have so far been established as HLPs.

Stakeholder Input on Legalizing Land Use Plan Provisions:

- establish higher level plans to ensure consistency between LRMPs and landscape unit plans, and to provide assurances of implementation and continuity of management (small business, ENGO, certifier)
- do not necessarily establish higher level plans to implement LRMPs; in some cases negotiated solutions on land / resource use do not reflect the best available scientific information (major industry)

Implications of Legalizing Land Use Plan Provisions

Establishing HLPs (and also using other Code designation tools / zones such as "wildlife habitat areas") will create an added assurance that government's land / resource plans will, in fact, be implemented. And, if forest management plans that are prepared for certification purposes reflect these designations, then those added assurances would translate into more successful certification approvals / audits.

Calls for government to proceed more aggressively in HLP creation to facilitate Code implementation in general have come from outside certification circles, including the Forest Practices Board. It should be noted, however, that there is not complete agreement that establishing HLPs would be a good thing to do in all cases. Some licensees are concerned that strategic land use plan decisions are not always based on the best technical information and analysis because those decisions are negotiated, and that creating a legal obligation to implement such decisions may create future problems, or at least may not contribute to the intended plan objectives.

It is expected, however, that landscape unit objectives will be based on consistent and sound information and analysis, and that these objectives will be adopted as HLPs, as landscape unit objectives become defined through landscape unit planning processes. At present, however, landscape unit objectives are available for only a limited number of landscape units, and the pace of landscape unit plan delivery throughout the districts is slower than originally expected. Other issues respecting the landscape unit planning program are described under section D (Part II), Environmental Protection.

TABLE 8: IMPLICATIONS OF OPTIONS: SUSTAINABLE FOREST MANAGEMENT PLANNING

Option	Advantages	Disadvantages
Develop SFM Plans	• see Table 7 in section A	• see Table 7 in section A
Closer Land Use Planning—Certification Links	• would result in more efficient SFM planning processes during certification • fewer demands placed on public participants in planning processes	• increased time and cost imposed on LRMP planning processes • opportunity to apply this proposed option is limited, except during plan review and / or plan monitoring processes (i.e., LRMP planning processes complete or nearing completion for most of province)
Legalizing Land Use Plan Provisions	• increased potential of certification success, due to enhanced land use certainty • legal designation tools available for use – no new mechanisms required	• not universal agreement of the desirability of creating higher level plans (i.e., concerns about loss of flexibility to interpret broad land / resource plan intent at the operational level) • proposed option unable to be acted on in short-term for landscape unit higher level plans (i.e., only a few landscape unit plans have been completed to-date)

C Sustainable Harvest

(a) Issue

Each forest management unit (i.e., TFL area, TSA, woodlot area, community forest area) has a specified rate of harvest described as an allowable annual cut (AAC) that is measured in cubic metres of timber per year. The Chief Forester determines an AAC for each TFL and TSA every five years. For woodlot licenses and community forest agreements, the MOF regional manager or district manager determines the volume of timber to be harvested.

For TFLs the licensee proposes an AAC for the Chief Forester to review and approve or vary, based on a TFL management plan that the licensee is responsible for preparing for the chief forester's approval. For TSAs the Chief Forester bases AAC determinations primarily on a technical timber supply review that is conducted by the Ministry of Forests. The Chief Forester can partition a TFL or TSA's AAC to take into account different timber types, terrain types and geographic areas (e.g., deciduous timber, block 'A' of a management unit). Partitioning the cut within a management unit is a tool that is normally applied to ensure that timber is harvested, or is not harvested, from a particular area or timber type.

TFL holders have the right to harvest the TFL's AAC, with the exception of any volume that is reserved for the Small Business Forest Enterprise Program or new woodlot licenses. In a TSA, the minister apportions the AAC to (and within) the various tenure types within the TSA (i.e., replaceable forest licenses, non-replaceable forest licenses, timber sale licenses, pulpwood agreements, woodlot licenses, community forest agreements).

AAC decision-making is a complex undertaking involving the integration of information on forest cover, land base accessibility constraints, projected timber growth rates, forest management practices, and also social and economic objectives. Uncertainty is usually present in much of the information used in timber supply analysis. For this reason, the chief forester's AAC determinations are not strictly a technical exercise. AAC determination incorporates judgement, reflecting an integration of technical information, forest management policy, and socio-economic objectives. In management units where a timber supply reduction is forecast,[6] the government's desired result is a gradual decline in harvest levels, potentially over a number of decades, to a level that that can be maintained indefinitely (i.e., long-term harvest level). AAC declines in these management units are being managed to reduce short-term community impacts that would occur if AACs were reduced more rapidly to long-term harvest levels.

This policy of a gradual, declining flow in these management units is a fundamental characteristic of BC's forest management policy that is the subject of much debate, both domestically and in international circles. Critics of this policy argue that harvests that are currently higher than long-term levels are unsustainable and that the government should quickly reduce harvests to an even flow that can be sustained indefinitely.

Another key element of forest management in BC is the so-called "cut control" policy. Under the *Forest Act*, replaceable license holders must harvest not less than 50% and not more than 150% of their license AAC in a calendar year; and not less than 90% and not more than 110% of their AAC during a five-year period. Licensees that exceed these limits are subject to financial penalties; where harvests are less than the limits, the licensee faces the possibility that the licensee's AAC will be reduced by the amount undercut. Licensees may apply to retain under-cut AAC where there are extenuating circumstances that prevented them from harvesting their approved levels. The cut control policy is aimed, on one hand, at ensuring that harvests do not exceed sustainable tolerances and, on the other, at providing a threshold level of certainty and stability for forest dependent communities and workers.

Both the "declining flow" policy and the "cut control" policy can present problems for implementing performance-based forest certification systems.

Under the FSC certification system, criterion 5.6 stipulates "the rate of harvest of forest products shall not exceed levels which can be permanently sustained." Although the regional FSC standard is still being developed for BC and that process may provide some sort of reconciliation between criterion 5.6 and BC's AAC policies, it is clear that approved harvest volumes in some of BC's management units do, in fact, exceed volume levels that can be permanently maintained, and that there may be a considerable time period (decades in many cases) before harvestable volumes in these units will be revised to permanently constant or sustainable levels.[7]

---

[6] Not all units are subject to decrease; in some units there are potential AAC increases to bring levels up to stable, long-term harvest levels.

In addition, in a TSA, the licensees are apportioned harvest levels to a sum total within the overall approved AAC for the TSA. Licensees' individual AACs are not based on a timber supply analysis for their particular operating areas. Therefore, aside from the fact that some TSAs are being harvested in their totality at annual volumes beyond those that can be permanently maintained, licensees that may wish to proceed with certification for their individual operating area within a TSA have no good way of demonstrating that harvesting in their approved operating areas is at volume rates that are sustainable.

AAC levels and determination methods do not appear to arise as critical impediments to implementing the CSA system. Applicants are required to develop an indicator and objective to confirm that the "annual removal of forest products is within the volume of removal that is determined to be sustainable". In practice, applicants will likely identify an objective that affirms that harvest volumes will not exceed levels that have been determined to be sustainable by government.

Certification complications may arise in relation to government's "cut control" policy. If a licensee elects to harvest less than the approved level in order to conform to a SFM plan that has been developed for certification purposes or to meet FSC criterion 5.6, government may remove the amount of under-cut volume from the licensee and re-apportion it to other licensees in the TSA. This would run counter to the certification intent and could result in a failed certification audit.

(b) Options for Addressing the Issue

Three options were identified for addressing the "sustainable harvest" issue, as follows. The options are assessed in Table 9 at the end of this section.

(i) Enhanced AAC Determination Methods

This option would build on the above suggestions to improve the technical rigor of the timber supply planning process by undertaking actions such as: enhancing timber and non-timber resource inventories, increasing the confidence in growth and yield predictions, applying more spatial analysis in modeling exercises to more accurately simulate harvest flows, and becoming more comprehensive in netting-out areas that do not / will not contribute to the timber harvesting land base. This option would also see a higher degree of communication on the methodology and rationale for AAC and apportionment decisions, in a manner / style that is more understandable to the public and certifiers.

---

[7] Although harvestable volumes (AAC) may decline over time, harvested / harvestable area (hectares per year) may remain relatively stable over time.

Stakeholder Input on AAC Determination Methods:

- government should do a better job at explaining its AAC policy and the reasons why harvest levels must move downward gradually to long-term harvesting levels given the BC context (major industry, certifier)
- clarify to certifiers that government's timber supply planning process is rigorous, and that AAC levels are strictly enforced (major industry)
- provide a sound rationale for established harvest levels and the allocation of apportionments within TSAs (certifier)
- communicate in simple terms what goes into setting AACs including explanation of how socio-economic objectives are integrated into AAC decisions (major industry)
- continue to do sound, rational analysis in timber supply review planning processes, based on upgraded information and models as they improve over time (government staff)
- introduce greater spatial analysis in timber supply planning to improve the rationale for AAC decisions (certifier)

Implications of Enhanced AAC Determinations

Although this suggestion may contribute to AAC decisions that are more compatible with certification expectations and general sustainable forest management principles, it is unclear if these actions, on their own, would necessarily overcome the more fundamental issue, which is that BC presently harvests above volume levels in some management units that are permanently maintainable and that this practice, which is based on government's "declining flow" timber management policy, fundamentally conflicts with FSC certification criterion 5.6.[8] Under other certification systems (CSA, SFI), current AAC decision-making methodology is not a particular problem and, therefore, although the above reforms may not produce a higher incidence of certification success, they may help improve certification efficiency under those systems.

There would obviously be cost implications for government associated with this option, particularly in connection with improved timber and non-timber inventories, research into growth and yield monitoring, and communication requirements. As well, given the complexity of spatially explicit timber supply analytical techniques and the fact that they and supporting data are not well-enough developed for use in a "production" environment, it is unlikely that this option could be implemented immediately. Also, the option may mean that the management unit cycle for timber supply planning would have to be increased to, say, 10 years per unit, as opposed to the current 5-year cycle. This might be counter-productive to ensuring that rapidly changing information is incorporated into AAC determinations.

It is not known if the technical reforms suggested under this option would result in any higher or lower AACs. Each management unit would have to be assessed on its merits. Government's timber supply review program has made substantial progress in recent years in improving the technical foundation for AAC decision-making, and enhancing the transparency of these major decisions. It can be expected that the timber supply review process will continue to improve over time as the inputs (i.e., resource inventories, modeling assumptions) to the review process are upgraded.

---

[8] Unless this criterion is interpreted to mean the harvesting of a "sustainable-sized" area, rather than volume.

(ii) Non-declining, Even Flow AACs

This option contemplates a fundamental shift in how harvest rates would be determined in BC. Instead of the current process of gradual declines, potentially over a number of decades, towards long-term harvest levels in management units where a decline is forecast, government would adopt a policy to reduce harvest volumes for those units within a short time period (say, five years) to an "even flow" level. Under this option, social and economic considerations would be de-emphasized or even excluded from AAC decision-making.

Stakeholder Input on AAC Levels:

- integrate all land use and management decisions / commitments previously made into AAC decisions (i.e., protected areas, full Code implementation, identified wildlife net downs, winter range, old growth management area net downs, etc.) (major industry, ENGO, government staff)
- revise AAC determinations to meet sustainability requirements based on science, not socio-economic objectives (ENGO)
- lower AACs to sustainable levels, especially for coastal forests (ENGO)
- integrate CSA certification indicators into the timber supply review process and base AACs on measurable objectives that are defined in sustainable forest management plans (major industry)
- base AAC decisions on SFM plans that are ecologically based, and allow for the necessary land base netdowns that fit with certification objectives (certifier)
- change sustained-yield focus from amount of volume harvested annually to one that might make more ecological sense, such as amount of land area harvested annually (government staff)

Implications of Non-declining, Even Flow AACs

Because the regional FSC certification standard is not yet in place for BC, it is difficult to say if this option is necessary to achieve success in certification approvals under that system. Certainly, however, this option would be consistent with FSC criterion 5.6 and should, therefore, facilitate certification success under the FSC system. This option is not required to facilitate approvals under other existing performance based certification systems (i.e., CSA, SFI systems).

The greatest potential benefit of this option would likely be a higher level of biodiversity conservation than under the existing approach. Harvesting rates of old growth forests would be reduced in a number of management units and this may lead to increased options for protecting species, populations and genetic diversity. The extent of these benefits is unknown. As well, reduced land / resource impacts and user conflicts may be anticipated in these units. Potentially some non-forestry activities and opportunities may be enhanced (e.g., recreation, tourism). First Nations interests in maintaining land / resource options and opportunities pending treaty settlements may be advanced to some extent under this option.

The most obvious negative impact of moving quickly to even flow harvest levels option would be dramatic community and workforce disruption. The provincial allowable annual cut could be expected to drop from the current approximate 70 million cubic metres per year to a figure variously estimated to be between 52 and 60 million cubic metres per year (about a 25 per cent maximum reduction in the mid term), although the actual decline that might be experienced is uncertain and debatable.[9] In 1995, Price Waterhouse estimated that a 17 per cent decline in timber harvest over a five to ten year timeframe could be expected to result in a 1.3 to 4.1 percent reduction in total provincial employment (23,000 to 71,000 jobs) and a 4.3 to 5.1 per cent decline in provincial GDP ($4.3 to $5.1 billion annually).[10] There would be severe impacts on some companies' profitability, government revenues and BC's overall forestry investment climate. Spin-off effects would also occur, potentially including substantial social and health impacts and costs. Impact distribution would be felt most dramatically in coastal communities where AAC reductions would likely be greatest. A reduction in Crown timber availability may lead companies to increase harvest levels on private land which, in turn, could have negative environmental benefits for those lands and resources (e.g., south-eastern Vancouver Island).

Although BC will be faced with harvesting lower volumes in the mid term,[11] the current policy of reducing AAC volumes gradually allows for a comparatively long period of transition for social and economic adjustment and industry rationalization.

(iii) Amended Cut Control Policy

This option would entail allowing certification applicants to apply to government to reduce their AAC entitlement based on the rationale that a reduction is required to meet certification standards. This circumstance would presumably only arise under a FSC certification application, given the requirement of FSC criterion 5.6.

Government would review the proposal in relation to socio-economic implications of the reduction and the potential opportunity to reallocate the underutilized volume for purposes that were consistent with certification aims (e.g., perhaps a short-term increase to the Small Business Forest Enterprise Program, or the creation of a new, small, area-based community forest tenure). The volume in question, however, would not be re-distributed as an increase to other volume-based licensees in the TSA. It may also mean that government would partition the harvest for the certified licensee(s) so that the reduction does not impact other non-certified licensees in the management unit.

Stakeholder Input on Cut Control Policy:

- do not penalize operators for not meeting their cut control requirements—allow operators the flexibility to harvest at levels that conform to their sustainable forest management plan (ENGOs, certifiers, small licensees)
- do not re-apportion undercut volume elsewhere in the TSA (major industry)
- if certification leads to AAC reduction, partition the cut for the certified licensee(s) so that other licensees are not affected by the cut reduction (major industry, ENGO)
- allow licensees to apply to government to harvest below approved levels, based on a certification requirement (government staff)

---

[9] Note that in recent years the provincial AAC has not been fully harvested. Actual harvest rates have tended to be below AAC, and this may limit the degree of social adjustment incurred by this option.

[10] Price Waterhouse. 1995. *An Analysis of Recent Forest Policy and Land Use Initiatives in BC: Implications for Timber Supply, Jobs and Provincial GDP*. Summary available at www.forest.org/resources/studies/studc.html

[11] According to MOF, the mid-term decline is likely to be followed by an increase in the longer-term volume levels to a currently projected sustainable maximum of up to 75 million cubic metres.

Implications of Amending the Cut Control Policy

The main benefit of this option is that it should help facilitate FSC approvals, which would promote market access; however, this may be true for other certification systems as well. Environmental benefits may also be associated with approved harvest reductions. Other impacts of this option would depend largely on the extent to which it is applied. Widespread and significant proposals for AAC reduction may lead to short-term social and economic consequences (e.g., community and workforce disruptions).

Although regulatory change would be needed to implement this option, it appears that it could be applied without too much of a shift in current policy, given that licensees are already permitted to apply to undercut their AAC for a range of reasons. Approvals to undercut AAC are routinely granted, as evidenced by the recent / current divergence between AAC and actual harvest levels (e.g., in 1998 forest companies cut 65 million cubic metres, whereas the AAC for that year was well above 70 million cubic metres.) As well, policies and practices for partitioning harvests are well established and are commonly applied for non-certification reasons.

TABLE 9: IMPLICATIONS OF OPTIONS: SUSTAINABLE HARVEST

Option	Advantages	Disadvantages
Enhanced AAC Determination Methods	• compatible with certification expectations and may contribute to certification success	• by itself, may not facilitate FSC certifications • cost implications for government • not feasible to implement spatially explicit timber supply analytical techniques immediately and may lead to less frequent timber supply reviews
Non-declining, Even Flow AACs	• should facilitate FSC certifications • increased options for biodiversity conservation • reduced land / resource impacts and user conflicts • potentially increased opportunities for non-forestry activities • may advance First Nations' interests in maintaining land / resource options	• represents major policy shift • short-term community and workforce disruption • revenue reduction with potential social and health spin-off impacts • option not required to facilitate CSA / SFI certifications • may lead to increased harvesting pressures on private land • uncertainty about the long-term level may result in larger than necessary reductions with attendant adjustment costs
Amended Cut Control Policy	• should help facilitate FSC approvals • may produce environmental benefits associated with harvest reductions	• widespread / significant proposals for AAC reduction may lead to short-term socio-economic consequences

D Environmental Protection

(a) Issue

Protecting environmental values in the forest area being certified is a basic requirement of all certification systems; the specific standard of protection, however, varies by system. Under the CSA system, environmental protection is measured through the development of objectives and indicators for "critical elements" of sustainable forest management which include criteria for biodiversity conservation, maintaining and enhancing forest health and ecosystem condition and productivity, and conserving soil and water resources. The FSC system requires registrants to conserve biological diversity and its associated values, water resources, soils and unique and fragile ecosystems and landscapes (principle 6), and to maintain high conservation value forests (principle 9), which are areas that contain significant and sensitive ecological values. In addition, under all certification systems, including the ISO 14001 and SFI systems, registrants must obey all laws of the jurisdiction that they are operating within, including environmental laws.

In BC, there are many laws and regulations aimed at environmental protection that licensees are subject to. The main one, however, is the Forest Practices Code, which comprises the *Forest Practices Code of British Columbia Act*, a series of regulations made under the Act, and a variety of guidebooks that essentially advise licensees and government resource managers on best management practices that are consistent with the requirements of the Act and regulations.

The issues in relation to forest certification are that certain provisions of the Code are discretionary (e.g., establishment of higher level plans), others are being phased in (e.g., landscape unit planning), and Code implementation is subject to over-riding government policy (e.g., 6 percent limit on timber supply impacts). Critics of government's forest management policy argue that implementing the Code's provisions has been a secondary consideration compared to government's policy priority to maintain short-term timber supplies. They argue that forest certification systems have emerged (especially the FSC system) because of the gap between sustainable forestry practices and government's unsustainable forest management policies, and that fully implementing BC's Forest Practices Code would significantly promote forest certification under the FSC and other systems.

Critics suggest that if government was really interested in facilitating certification success it would implement landscape unit planning without the current constraints on its scope and methods. They suggest that the complete range of Code designation tools for protecting environmental values should be applied in a timely way (e.g., higher level plans, wildlife management areas, old growth management areas, etc.)

Although government introduced the Code as part of its efforts to address criticisms of its forest management practices and to help secure BC's position as a forest products exporter, it has faced substantial pressures from industry to proceed cautiously in Code implementation in order to minimize implementation costs and impacts on timber supplies. As a result, landscape unit plans have been completed for only a limited number of landscape units, and the scope of landscape unit planning processes has been limited to dealing with only two (old growth management areas and wildlife tree retention) of the six biodiversity elements that were originally envisioned to be planned at the landscape unit planning level.[12] Limits have been applied to the placement of old growth management areas to minimize impacts on access to operable timber supplies. No landscape unit objectives have yet been legally designated, and this potentially limits government's ability to implement biodiversity objectives that are defined in landscape unit plans. Overall Code implementation is being managed to limit timber supply impacts to not exceed six per cent of provincial AAC. These policies have been greeted with substantial cynicism in the environmental community and are viewed as an impediment to forest certification.

(b) Options for Addressing the Environmental Protection Issue

(i) Full Code Implementation

The proposals that emerged from the study for dealing with the "environmental protection" issue came mainly from the environmental community, although other interests, including industry, certifiers and government staff, voiced opinions on this subject. In general, the proposal is to fully implement the Forest Practices Code as it was originally envisioned, without constraints, primarily through full biodiversity conservation planning at the landscape unit level.

Stakeholder Input on Code Implementation:

- implement all Forest Practices Code provisions without impact constraints (ENGOs)
- complete land use planning that identifies "protected areas" to facilitate FSC certification in locations where old growth harvesting is contemplated (small licensee)
- fully implement landscape unit planning that satisfies all six biodiversity guidebook elements, not just two elements, without timber supply caps (ENGOs)
- put landscape unit plans into place that set biodiversity objectives and strategies (major industry)
- government should either make commitments to develop management / landscape unit plans, or enable licensees to do it themselves with government consent (ENGO)
- provide special status to high conservation value forest areas by removing them from the timber harvesting land base (ENGO)
- implement landscape unit plans based on conservation principles / assessments, not AAC impact limits (government staff)

Implications of Full Code Implementation

The benefit of having government-prepared landscape unit plans that identify objectives and strategies for ecological conservation is that management plans that are developed for certification purposes, notably under the FSC system, would be able to incorporate or cross-reference these plans without having to create them themselves.

Auditors could be satisfied that applicants' management plans reflect a high degree of rigor given that they have been developed on the basis of government's best available inventories and resource analysis, and through inter-agency consultation, and have been endorsed / approved for implementation by the provincial government. This should lead to increased efficiency and success in certification approvals. Landscape unit plan implementation through operational plans such as forest development plans would lead to longer-term on-the-ground ecological benefits such as biodiversity conservation, which would presumably also translate into future socio-economic benefits. In a recent report (December 2000), the Forest Practices Board has also supported the completion of comprehensive landscape unit plans on the basis that they will result in more cost-effective forest development planning (e.g., cut block and road layout) at the operational level.

---

[12] The six biodiversity elements are described in the FPC *Biodiversity Guidebook*, and the landscape unit planning policy and methodology is described in the FPC *Guide to Landscape Unit Planning.*

The idea to protect species at risk and their habitats and to conserve and enhance high conservation value forest areas is entirely consistent with landscape unit planning principles. Government's difficulty is one of interpretation and balancing ecological objectives with short-term social and economic objectives. As a result of the perceived need to strike a balance, government planning programs function within current policy direction for these processes, including a 6 per cent "cap" on Code implementation. Removing this cap would presumably lead to short-term socio-economic impacts associated with reduced timber supply access and higher cost timber production. Longer-term socio-economic implications are more difficult to estimate.

Another difficulty in preparing government-sponsored resource plans that can feed in directly to certification management planning requirements relates to planning process cost—these are expensive planning processes and there are practical limits on the rate that the province can be covered by such plans, and the level of comprehensiveness that planning can achieve in the short-term. The availability of comprehensive landscape unit plans may not coincide with the locations where there is an interest in certification. Presumably an effort could be made, however, to give priority to landscape unit planning in management units where certification applications are pending or anticipated.

One ENGO representative contacted during the study suggested that government could overcome its planning "resourcing" issue by allowing forest licensees to develop their own landscape unit plans for biodiversity conservation. Company-prepared landscape unit plans would be developed under some general guidelines from government and subject to government approval. If properly managed, this approach might allow licensees to proceed with planning at their own pace and according to their specific certification and operational requirements, and also lead to longer-term biodiversity conservation benefits.

TABLE 10: IMPLICATIONS OF OPTIONS: ENVIRONMENTAL PROTECTION

Option	Advantages	Disadvantages
Full Code Implementation	• increased potential of certification success, especially under FSC system (although FSC performance standards for BC not yet defined) • increased efficiency in SFM planning processes during certification • ecological (biodiversity benefits)	• short-term negative socio-economic impacts, including employment losses and forest company viability / profitability impacts • cost of preparing land / resource plans for all areas that are being considered for certification

E Resource Information

(a) Issue

Certification processes are information-intensive. Information is needed for preparing sustainable forest management plans and for monitoring registrants' performance over time. Key information inputs to performance-based certification systems include map information showing the location / quality / quantity of:

- timber resources i.e., vegetation resource inventories, and information on growth and yield
- ecosystem classifications
- fish and wildlife habitats and populations
- visual resources
- recreation and tourism resources
- cultural resources, including archaeological values and potentially also traditional use information
- "high conservation value forests" as defined under the FSC system
- terrain (slope, stability)
- abiotic resources such as soils and water, and
- land ownership (tenure) and use.

Forest licensees (especially TFL holders) collect a significant amount of their own resource information, mainly for operational planning purposes such as the preparation of management / development plans. The provincial government, however, is heavily involved in maintaining and distributing land and resource inventory information for a variety of applications, including strategic and operational level planning, compliance monitoring, and monitoring the effectiveness of policies and programs. The province's Crown Land Inventory Initiative (CRII) and the Common Land Information Base (CLIB) programs, as well as inventories funded through Forest Renewal BC and individual ministries' base budgets, result in major annual province-wide investments in tracking and understanding the condition of BC's lands and natural resources.

Although many of the products from these investments are valuable for certification implementation, they are not being collected or organized with certification specifically in mind. To this point, forest certification requirements are having only a very small influence on what kind of inventory information is collected and where, when and how it is collected. Numerous study participants identified that the improved availability of key resource inventories would facilitate certification efficiency and success.

(b) Option for Addressing the Resource Information Issue

(i) Enhanced Resource Inventories

Although stakeholders provided various comments on this issue, they are all essentially directed at government to assist certification implementation by collecting resource information that fits more closely with certification requirements. This would include information that is required for developing sustainable forest management plans and for monitoring and reporting performance in relation to certification systems' performance standards. This would mean that certification priorities would become more prominent in dictating the locations and timing for inventory investments. Resulting data would be made available to users in standardized formats to facilitate ease of use and integration with other information.

Stakeholder Input on Resource Inventories:

Priority Setting

- some priorities should be set for filling information gaps. Perhaps the locations that are subject to certification applications can help set the priorities for collecting these inventories. (certifier)
- spatially explicit terrain ecosystem mapping will be useful for facilitating certification but government can't afford to do this everywhere. Government should be asking, "what information is really needed to meet certification and regulatory requirements?" Government's role in collecting inventory information needs to be more focused. (major industry)
- information needed for developing indicators and performance measures is all over the place and there are not necessarily good methods for bringing it together. There's no corporate approach. (certifier)
- government should continue to upgrade its inventory practices so that information that is needed to facilitate certification is incorporated during the standard data collection process. A corporate approach is needed where government collects the inventories and gets that information into its systems so that it can be retrieved and used. We don't need a new approach to inventories; we should build on what's already in place, using a standardized format and consistent protocols as defined by the Resources Inventory Committee (forestry consultant)

Information Gaps

- there is difficulty in extracting information in the right formats. Specific information types that are challenges for licensees include: non-timber products and harvest levels, hunting records, changes in fauna and flora, locations of rare habitats and plant communities, habitat suitability, protected area representation at a finer scale than at the eco-section level. (certifier)
- procedures for developing inventories have largely been upgraded in recent years to accommodate the Code, but government inventories are still lacking from the point of view of incorporating traditional ecological knowledge and information on high conservation values. (forestry consultant)
- the money for preparing archaeological assessments and traditional use inventories has dried up, and some level of funding should be restored (major industry, small licensee). Government should undertake / underwrite traditional use / knowledge and archaeological assessments, both as a basis for treaties and to support certification requirements. (major licensees, small licensee)
- government should help facilitate the logical collection and storage of information that is needed for certification planning and monitoring. (major industry, certifier) At the very least, government should provide a record of where data is retained and the condition of it, so that users know where to go and how to get at information. (certifier)

Monitoring Information

- small licensees will be unable to conduct monitoring requirements such as for growth and yield studies that are required under FSC approval. The Ministry of Forests must continue to provide this information. (small licensee)
- monitoring for sustainability will require assessing rare and threatened species and habitat. But how do you go about monitoring? Where does the information come from and how do you interpret it? Small operators don't have the capacity to answer these questions. (small licensee)

- government should promote the best technology for cost-effective monitoring—for example, how do you actually go about collecting information on flora and fauna that is most cost-effective? (certifier)
- the Ministry of Forests could examine monitoring (and information) requirements for approved certification applicants to determine what role government can take to facilitate the monitoring process. (certifier)

Implications of Enhanced Resource Inventories

Having the right kinds of information available for preparing sustainable forest management plans and monitoring performance according to the requirements of various certification systems would no doubt lead to more efficient and effective certification processes. Such information is likely to be especially important to small operators with limited information collection capacity. Better information is likely to also result in better sustainable forest management performance on the ground.

Collecting and maintaining resource inventories is, however, potentially a very expensive undertaking, so it would be necessary to clearly define the specific information that would be required to support certification processes. Although some of the information gaps that need filling are suggested above, a thorough information needs assessment would be required to identify the specific information categories and types that are currently deficient.

A potential concern with having certification needs increasingly drive the nature, location and timing of resource inventory investments is that these inventory priorities may not coincide with other priorities. Inventory budgets are under extreme competition from other resource programs that require information for their own purposes and that may not be useful for certification applications (e.g., coastal planning, urban air quality monitoring, strategic land use planning that may require information at smaller scales than would normally be used in certification processes). In this sense, inventory requirements for certification-related purposes may be seen by inventory program managers as another drain on already scarce inventory resources.

Another question that arises in relation to this option is whether or not public funds should necessarily be used to support a voluntary process between licensees and certifiers that arguably should not involve government investments. Although it would be difficult to separate public versus private benefits of such investments, it may be necessary to look closely at this question in order to rationalize them.

TABLE 11: IMPLICATIONS OF OPTIONS: RESOURCE INFORMATION

Option	Advantages	Disadvantages
Enhanced Resource Inventories	• more efficient and effective certification processes • especially valuable to small operators that lack information collection capacity • may improve SFM on-the-ground	• need to go through process to define specific certification information needs • expense of collecting inventories • competition with other inventory priorities • need to confirm that public benefits would be derived from investments

F2

F First Nations Participation

(a) Issue

Certification applicants may find it challenging to determine the type and degree of consultation needed to address First Nations issues. Most if not all forest tenures lie within First Nation asserted traditional territories. There is considerable uncertainty among licensees about how to undertake an appropriate consultation process, how to interpret the varying consultation requirements of different certification systems, and how to undertake consultation in a manner compatible with government policies and practices.

Treaty Negotiations

BC is unique among Canadian provinces both in the number of First Nations and (with a few exceptions) the absence of treaties negotiated after Confederation. In 1992, the BC Treaty Commission was established by the First Nations Summit and the federal and provincial governments in response to the recommendations of the 1991 BC Claims Task Force. Forty-two First Nations are involved in one or another of the stages in the negotiation process, representing more than two-thirds of the 197 bands in the province. One treaty (with the Nisga'a First Nation) has been completed and is being implemented. Some First Nations have chosen to remain outside the treaty process.

Most of the Crown land available for treaty settlements has been allocated through Crown land sales or through the resource tenure systems. This allocation process often causes considerable tension for First Nations particularly in relation to timber harvesting. As treaty negotiations may take many years to complete, some First Nations and the BC government have agreed upon or are negotiating interim measures agreements (including Treaty Related Measures), which typically cover a number of issues including building capacity, establishing partnerships and addressing the issue of consultation.

Aboriginal Rights and Title

The negotiation of treaties does not depend on clarifying aboriginal title to asserted traditional territories. However, while negotiations proceed, the nature and extent of aboriginal rights and title remain uncertain. Aboriginal rights were recognized and affirmed under Canada's 1982 *Constitution Act* and have been the subject of a variety of court decisions. In 1997, in the *Delgamuukw* decision, the Supreme Court of Canada defined the concept of aboriginal title as the right to exclusive use and occupation of land and described the criteria for proving title. It ruled that federal and provincial governments can infringe upon aboriginal title for objectives such as economic development but must consult with aboriginal people, and in some cases obtain consent, if title will be infringed. Even if title has not been proven, the court said, there may still exist a range of rights such as the right to protection of aboriginal customs and practices. However, the Court did not determine the existence of aboriginal title over any particular lands.

The provincial government and First Nations hold contrary viewpoints about the nature and extent of aboriginal rights and title in the wake of *Delgamuukw* and other court decisions. Government holds the view that the onus to prove rights or title lies with First Nations. First Nations maintain that they meet the criteria set out by *Delgamuukw* for establishment of title and that aboriginal title therefore exists.[13] The BC government acknowledges that aboriginal title may exist in particular areas of the province, and recognizes that the *Constitution Act, 1982* requires that established aboriginal rights and title not be unjustifiably infringed by the resource development activities of the Crown or its licensees. The BC government's Provincial Consultation Guidelines set out the government's approach with respect to First Nation consultation.

Consultation on Certification Applications

The Ministry of Forests developed the Aboriginal Rights and Title Policy and Consultation Guidelines to address forestry-specific issues relating to First Nation consultation. The ministry's policy supports First Nations consultation during the forest development planning process. Forest licensees are encouraged to participate and share information regarding proposed operations. What remains unclear to many licensees is the fit between forest certification consultation requirements and government policy. Some if not all of BC First Nations consider the government consultation policy to be inadequate because it makes no requirement for First Nations consent to resource management activities and fails to acknowledge aboriginal title without such title having first to be proven by the First Nation. It probably would not be satisfactory for certification through FSC, which requires informed consent of indigenous peoples for forest management on their territories.

In the absence of treaties and interim measures agreements, and given the divergence between First Nations and government perspectives about the nature and extent of aboriginal rights and title, licensees need clarification about what types of arrangements with First Nations are possible and appropriate during the certification application process, and how to carry out these arrangements. Clarity is especially important given the cost of consultation and the variability among certification program requirements, as described below.

The uncertainty surrounding aboriginal rights has ramifications not only for certification approvals but also, potentially, for the province's competitiveness in global markets. First Nations express increasing frustration that they represent 5% of the BC population yet have secure access to only a tiny fraction of the land base. Unresolved conflicts about aboriginal rights and title in BC have comparatively high visibility in international forums, and markets have shown they can be susceptible to negative messages from aboriginal peoples.

Traditional Use and Archaeological Information

Effective consultation on certification applications requires adequate information about traditional uses and heritage sites in areas under consideration for certification. Considerable gaps in this information exist in some locations. The provincial traditional use studies (TUS) program identifies areas of current and past First Nations use. The purpose of these studies is to assist the government in resource planning by providing information about which areas are important to a First Nation, assist First Nations to build capacity to carry out contracts, and provide opportunities to improve relationships between First Nations and the government. At present, approximately 27 TUSs have been completed and another 26 are underway. Together they cover approximately half of the land base of the province. The adequacy of methods for preparing TUSs is a matter of ongoing debate between government and First Nations.

---

[13] First Nations rely in part on a legal memorandum commissioned by the FSC regional standards initiative (Mark Stevenson and Albert Peeling, "Legal Memorandum regarding Principle 3 of the Forest Stewardship Council's Principles and Criteria", June 2000). Other interpretations arrive at conclusions consistent with the approach currently taken by government.

The availability to certification applicants of information about traditional uses thus depends largely on whether or not a TUS has been completed for the area in question. If TUS information is not readily available, licensees may be faced with the considerable challenge of obtaining such information through their own means in order to satisfy certification system requirements. Small licensees in particular may find it very difficult to afford the high cost of obtaining traditional and archaeological information that may be required for certification purposes These costs may constitute a very large portion of overall certification costs.

An issue related to availability of TUS studies is the cost and availability of government data related to First Nations concerns. According to the Ministry of Forests, its practice is to make information available (e.g., TRIM maps, forest cover maps) on a quid pro quo basis—i.e., in return for First Nations aboriginal interests information, or for payment. This is based on the principle that government needs to recover its costs of preparing information.

Capacity

Consultation is both time-consuming and taxing on limited First Nations staff and economic resources—a strain on First Nations capacity that will become increasingly apparent as the number of certification applications continues to increase throughout the province. The economic capacity of First Nations communities remains a constant issue while treaty negotiations continue, and the cost of consultation that may involve several licensees can create a significant financial burden for First Nations communities that consider it important to be involved in the certification process.

First Nations currently appear to hold a wide range of views about the advantages of participating in certification applications. Some have no opinion with respect to the certification process, others may prefer co-management agreements that provide substantive benefits, others may refuse to consult because they oppose interference with traditional lands that they already regard as their own, and still others may willingly consult if they conclude that meaningful benefits may flow from approval of certification. This diversity suggests the need for a flexible and problem-solving approach to consultation.

Many First Nations currently have little incentive or capacity to participate effectively in reviews of certification applications. A few applicants to date have succeeded in achieving First Nations approval by building trusting relationships and providing some form of compensation. However, some First Nations feel so much cynicism about government's policy and program approaches to First Nations' issues that they may be reluctant to become involved in certifications on lands over which they claim ownership and that are subject to treaty negotiations. As well, First Nations that may have the incentive for involvement are frequently hampered by lack of capacity related to availability and complexity of information and shortages of trained staff and economic resources.

Meaningful consultation is vital for CSA certification and even more so for FSC certification because of its requirement for informed consent. Although government does not directly have a role in facilitating consultation between certification applicants and First Nations, its approach to First Nations issues has a direct bearing on the ability of both First Nations and applicants to conduct meaningful consultation. Licensees have reason to worry that whatever consultation procedures they adopt, the results of consultation may place them in conflict with government legislation and policy, which also affect the ability and incentive of First Nations to be receptive to consultation.

Current government policy on First Nations rights and title is driven by the assumption that aboriginal title has not yet been proven to exist in any particular locations in BC and, therefore, First Nations consent is not required with respect to current resource management activities. Government efforts to promote better relationships with First Nations focus primarily on treaty negotiations. To further facilitate the treaty negotiation process, the government has negotiated specific interim measures and treaty related measures. At the same time, government has a strong interest in promoting the viability of voluntary forest management certification applications, which, depending on the certification system used, may not succeed without effective First Nations participation. The challenge for government is to find ways of assisting the certification process in a manner compatible with its policy on First Nations rights, title and land claims issues..

Certification Requirements

The following is a summary of the range of requirements of different certification systems active in BC:

CSA. CSA Z808 Sustainable Forest Management System Guidance Document emphasizes the need for public participation in the identification of local values, goals, indicators and objectives that reflect the critical elements of CCFM criteria. An applicant's decisions should be the result of informed, inclusive and fair consultation with local people who are directly affected by or have an interest in sustainable forest management. While CSA does not set specific requirements for consultation with First Nations, it notes that aboriginal communities require particular consideration in the public participation process because of the unique legal status of aboriginal peoples and because of their special knowledge and insights based on traditional practices and experience. The guidelines conclude: "Aboriginal people who have an interest in or who are impacted by forest management on a defined forest area must be given an opportunity to contribute their special knowledge to the process of setting values, criteria, objectives and indicators. In some cases, this may require a separate consultation process."

ISO. ISO standards for development of an environmental management system make no requirement for consultation with aboriginal peoples.

SFI. There is no specific SFI performance measure respecting the role of aboriginal peoples in forest management.

FSC. FSC goes far beyond other system requirements, and beyond BC government policy provisions, in its requirements for aboriginal consultation. Principle 3 provides that "indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies". Certification applicants who wish to comply with this principle are faced with the dilemma that, while First Nations claim title to many lands under forest tenure, there is no government recognition of that title until it is proven to exist.

Determining what is meant by free and informed consent is a challenge in itself. First it must be determined who has the authority to give consent. Decision-making processes vary among different First Nations communities. In some cases a band council resolution may be sufficient; in others, authority rests as well, or alternatively, with hereditary chiefs. Then there is the question of what is required for informed consent to occur. It is likely to require a thorough understanding of the proposed operations and the implications of certification as well as adequate capacity to arrive at that understanding. That may in turn require assurance that a First Nation has adequate resources to thoroughly review certification applications and adequate information (such as traditional use studies) to arrive at a decision about consent.

Other FSC principles require protection of aboriginal resources and tenure rights (3.1), identification and protection of sites of special cultural, ecological, economic or religious significance (3.3) and compensation for the application of traditional knowledge regarding the use of forest species or management systems in forest operations (3.4).

FSC Principle 1 requires compliance with both applicable laws and with international agreements to which Canada is signatory. This in itself is problematical for First Nations who believe that government has misinterpreted the *Delgamuukw* decision by denying the existence of aboriginal title until it is proven to exist by the First Nation, and has failed to exercise its responsibilities under international treaties for the protection of aboriginal rights. Some First Nations point to international instruments that may be relevant to the protection of First Nations rights.[14] With respect to certification, licensees need clear guidance on what is required in terms of consultation or for informed consent and when it is required. This is a highly problematical issue given the divergence of views between government and First Nations. First Nations representatives are currently involved in the development of FSC BC regional standards that will provide guidance for the implementation of FSC Principle 3 in BC, and government is involved as well in an ex officio capacity. Assuming that the regional standards process defines consent requirements, government may then be faced with difficult decisions about how to respond to the recommended regional standards.

---

[14] Some of these instruments are non-ratified statements, some are binding multilateral agreements, some are non-binding multilateral sets of principles: International Labour Organization's Convention 169 concerning Indigenous and Tribal Peoples in Independent countries is a statement that has been signed by only fourteen countries, and not yet ratified internationally. The Convention on Biological Diversity (1992), which calls for benefit-sharing with indigenous and local communities when traditional ecological knowledge contributes to benefits from the use of genetic or biological resources, has been signed and ratified by Canada. Thirdly, while Canada argued in 1992 for a legally binding Forest Convention, many other countries objected, and UNCED instead agreed to the non-legally binding "Forest Principles", called "The Non-legally binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development for all Types of Forests."

(b) Options for Addressing the First Nations Consultation Issue

First Nations and other participants in the study made the following suggestions for addressing the issues described above:

(i) Recognize Aboriginal Title

Under this option, government would move away from its current position that the onus lies with each First Nation to prove it holds title to any or all of the lands it claims as traditional territory. Instead, government would adopt the position that First Nations generally meet the criteria set out by *Delgamuukw* for proof that aboriginal title exists.

Stakeholder Input on Recognition of Aboriginal Title:

I. government should acknowledge aboriginal rights and title as confirmed by *Delgamuukw* and should revise its policies accordingly. (ENGO, certifier)

Implications of Recognizing Aboriginal Title

From one perspective, recognizing aboriginal title would immeasurably increase First Nations trust of government and provide considerable incentive for First Nations to participate actively in certification applications. However, recognizing title whenever or wherever it may be asserted and without connection to negotiated treaties likely would also throw into doubt the treaty and land claims negotiations process, and create significant confusion over the validity of government's forest tenure system and the right of licensees to harvest timber at all let alone proceed with certification.

The implications of recognizing title in the absence of treaty negotiations or before title is determined to exist through the courts are significant. Recognition of asserted title might create as much uncertainty as certainty—e.g., by raising questions about the relevance or need for any additional legally based treaties. The tri-partite treaty process adopted in 1992 does not depend on assumptions of land ownership, and First Nations are not required to prove title to launch claims and arrive at final treaties.

(ii) Complete Treaty Negotiations and Negotiate Interim Measures

Government would attempt to accelerate and complete the treaty negotiation process, and in the meantime would negotiate interim measures that would provide for greater First Nations participation in resource management decisions and greater First Nations access to resources.

Stakeholder Input on Treaties and Interim Measures:

I. First Nations believe that the government consultation policy is inadequate, and certification applicants face considerable difficulty complying with the FSC requirement for informed consent and determining when consent is required. Treaty agreements would resolve uncertainties by settling the question of ownership. (major industry, certifier, ENGO) Treaties would also help lift the veil of secrecy around information that may be required for certification but is currently withheld by government agencies on the advice of lawyers involved in treaty negotiations. (major industry)

II. government should negotiate meaningful co-management or interim measures that do not merely provide First Nations with timber but also provide authority in decision-making processes such as cutting permit approvals. (First Nations)

Implications of Completing Treaties and Negotiating Interim Measures

Accelerating the treaty negotiation process would require an increase in government staff resources and First Nations capacity. Treaty negotiations by their nature are laborious and time-consuming. However, eventual success in reaching agreement can be expected to resolve for once and for all the ongoing uncertainty about aboriginal rights and clear the way for certifications to proceed on lands currently in dispute.

A variety of instruments are available now for facilitating increased First Nations' involvement in forestry-related activities and benefits. Interim measures cover a variety of options, and can include treaty-related measures applicable to First Nations involved in the treaty process. Treaty-related measures involve both federal and provincial governments as well as the First Nation. Other interim measure agreements may be negotiated with First Nations who are not participating in the treaty process (as well as with First Nations within the treaty process) and these do not require the participation of both senior levels of government. Using any of these interim measures processes could facilitate both treaty negotiations and certification. Again, often these are complex arrangements involving many stakeholders.

Some First Nations may be cautious about negotiating treaty related measures because of disillusionment with existing agreements that they dismiss as elaborate consultation exercises. Treaty related measures or other interim measures agreements may present immediate cost implications for government, and potentially may create future benefits by in some cases facilitating the treaty process. One of the objectives of treaty related measures is to help expedite treaty negotiations. Treaty related measures are designed to help meet the province's legal obligations arising from Delgamuukw and related court cases, resolve conflicts over land and resource use and facilitate economic development. They also can include land and resource protection. These measures can increase certainty for licensees and provide economic and other benefits that enable First Nations to participate in the provincial economy.

(iii) Increase the Availability of Traditional and Archaeological Information

Government would increase the level of support for the collection of traditional use and archaeological information that is needed for certification purposes.

Stakeholder Input on the Availability of Traditional and Archaeological Information :

I. by defining where a First Nation's traditional use sites are located, completion of traditional use studies could both contribute to treaty resolution and facilitate certifications. Financial support for these studies needs to be increased, and efforts need to be made to address First Nations' concerns that previous traditional use studies have not been adequate. Government should inventory basic levels of traditional knowledge based on a flexible approach that is customized on a band-by-band basis depending on local concerns and input. (major industry)

II. traditional use inventories need to take into account overlapping traditional areas of use among different First Nations. (ENGO)

Implications of Increasing the Availability of Traditional and Archaeological Information

Increasing provincial funding for collecting and distributing traditional and archaeological information that would benefit certification processes would represent an incremental cost to government and, as with other options, could be seen as an acknowledgement of government responsibility. As mentioned above, TUSs are complete and / or underway for approximately 50% of the provincial land base, so a sizable provincial commitment has already been made towards this option. The main advantage to this option may be increased First Nations trust and incentive to participate in certification processes. The option would also facilitate forest development planning generally, and the same information would be useful in the treaty process.

One of the challenges in collecting traditional use information is establishing an assessment approach that is acceptable to both government and First Nations, as the current TUS methodology is reported to lack widespread support by First Nations. Another potential challenge would be justifying the collection of this information for certification purposes, relative to the need for this information for other purposes. Acting on this option could create the impression that government is favouring certification applicants at the expense of other parties when resources for providing traditional and archaeological information are limited.

(iv) Promote Capacity-building and Revenue-sharing

Under this option, government would help to enhance First Nations' capacity to participate in certification processes through financial incentives such as stumpage revenues, as well as improved information and revenue-sharing.

Stakeholder Input on Capacity-building and Revenue-sharing:

I. First Nations need better technical information at the site and landscape level and better TRIM data. The Ministry of Forests charges a significant amount for release of information such as forest cover data. Government should look at ways to make technical information more readily available to First Nations involved in certification reviews and should provide training to help build the capacity of First Nations to review applications. (ENGO) Government should assist First Nations with the cost of assessing and providing consent for certification applications. (First Nations)

II. Government should support capacity-building and economic development by flowing a portion of stumpage revenue from a harvest to the First Nation claiming the traditional territory where the harvesting takes place. To account for wide variations in stumpage rates for individual cutting permits, the average coastal stumpage rate should be used. (major industry, First Nations)

Implications of Increasing Capacity-building and Revenue-sharing

Promoting increased capacity for First Nations through financial incentives (such as stumpage revenue-sharing), training and (to a lesser extent) increased sharing of information would likewise incur a considerable cost to government, as well as raising some thorny jurisdictional issues of revenue-sharing in the absence of some form of treaty negotiations. Licensees might express concern about the appearance of providing preferential treatment for First Nations through stumpage revenue-sharing. Current government policy is to share available information as much as possible while recognizing the need to impose costs where appropriate. These factors would need to be balanced against the advantages of facilitating First Nations economic development and capacity to consult on certifications and of improving the relationship between government and First Nations generally.

Companies may (and do) negotiate economic arrangements related to joint ventures, or other economic enterprises with First Nations independently of government to encourage First Nations support for their certification applications This may result in some costs to companies involved in joint venture partnerships or undertaking employment / training obligations, etc. These must be weighed in relation to the certification and other certainty benefits that result from the investments.

(v) Revise Consultation Policy and Advise Licensees on Consultation Protocols

Under this option, government would require an increased level of consultation with First Nations and would provide advice to licensees about what procedures to follow in consultation with First Nations on certification applications.

Stakeholder Input on Consultation Policy and Advice to Licensees:

I. Government should review and revise consultation guidelines to ensure meaningful consultation, (ENGO, certifier)

II. Government could provide better guidance to licensees about protocols for meaningful consultation with First Nations generally and for informed consent in particular. (certifier, ENGO) Even if the treaty issue is resolved, licensees will face uncertainty about what is needed for informed consent after aboriginal title is established. Guidance will be needed in this regard. (major industry)

III In the absence of treaties, one-on-one discussions/negotiations between industry and bands will determine whether First Nations approvals are obtained, and there is no role for government in these negotiations. (major industry)

Implications of Revising Consultation Policy

Helping to resolve uncertainty about appropriate consultation protocols and potential conflicts between certification program requirements and government consultation policy could considerably clarify the actions required of certification applicants. It could also help reduce the pressure on licensees to negotiate agreements with First Nations that may create the risk of legal conflict. Government policy on consultation is directly linked to its interpretation of its rights and obligations under current law. Consequently a shift in policy by government would require a major re-examination of its overall approach to First Nations issues.

Government may also be reluctant to advise licensees on consultation processes, apart from explaining its own policy and practices (perhaps as part of a communications package on certification), because of its concern about involvement in private arrangements. However, licensees would benefit from a better understanding of the limits of their authority to consult and of any legal conflicts they may face as they attempt to satisfy certification requirements.

With respect specifically to the FSC standard, the primary challenge for government in reviewing its own consultation policy would be determining the implications of moving beyond First Nations "input" to a requirement that more closely approximates consent. Again, condoning a requirement for consent would have significant implications for government because current legal interpretations of its obligations as manager of public lands and resources. If government were to acknowledge the merits of requiring consent in certification applications , a definition of prerequisites for informed consent would be needed. Clarification of what the FSC in BC will require may be provided by the forthcoming FSC regional standards, and these in turn may create calls on government to review its consultation policy, depending on whether or not licensees are able to meet FSC consultation requirements without placing themselves in a legal conflict.

Guidance by certification systems to applicants on consultation protocols could greatly assist applicants with no experience in that area; as well, if protocols are established it is unlikely that certification systems would wish to have governments give guidance given that certification is seen as primarily a private arrangement.

Finally, complicating provincial efforts to address First Nations certification issues is the overlapping relationship between the BC government and the federal government regarding their individual jurisdictions over lands and resources, and aboriginal policies. One certifier commented on what he perceives as a lack of resolve by the federal and provincial governments to take responsibility for addressing First Nations issues—reflected in continual bickering between the two levels, with the federal government taking the position that it has no money for First Nations initiatives, and the provincial government generally declaring that it's a federal responsibility. He calls it a head-in-the-sand attitude that must change if certifications are to proceed smoothly. Consultation between the federal and provincial governments on resolving First Nations certification issues will be necessary and may prove to be one of the most difficult challenges to efforts to address these issues effectively.

TABLE 12: IMPLICATIONS OF OPTIONS: FIRST NATIONS CONSULTATION

Option	Advantages	Disadvantages
Recognize Asserted Aboriginal Title	I. increased incentive for FN participation in certifications	I. uncertainty of forest licensee tenures II. policy runs counter to negotiation based on Treaties Commission process
Complete Treaty Negotiations and Negotiate Interim Measures Agreements	II. certainty of land ownership and/or control III. increased incentive for FN participation IV. increased FN involvement in forest benefits	III. cost and complexity of resolving treaties quickly IV. resources and capacity constraints on concluding many interim measures V. cost to government
Increase the Availability of Traditional and Archaeological Information	V. assist certification information requirements VI. facilitate forest development planning	VI. high cost to government VII. limited government resources
Promote Capacity-building and Revenue-sharing	VII. increased FN capacity to participate in certifications/FN economic improvement VIII. better government/FN relationship	VIII. increased cost to government IX. concerns about preferential treatment for FNs
Revise Consultation Policy to Ensure Meaningful Consultation	IX. increased FN trust of government through policy change X. facilitation of licensee certification applications	X. policy tied to government interpretation of legal obligations XI. changes in consultation policy difficult to make without affecting treaty negotiation policies and processes.
Advise Licensees on Consultation Protocols	XI. facilitation of certification applications	XII. possible conflict between government policy and requirements of certification systems XIII. direct government involvement in private arrangement

G Monitoring Performance Standards

(a) Issue

Certification systems require auditors to assess the extent of forest managers' compliance with certification systems' performance standards. Auditors typically use a checklist approach to ascertain performance relative to their standards, or principles and criteria.

During this study, concerns were raised by a number of interests about the development of certification performance indicators, relative to government's potential role for defining sustainable forest management standards for BC. Major industry and certifiers expressed concern that under the CSA system, while there is a consistent set of criteria and 'critical elements' that apply to every applicant, each applicant develops their own set of indicators specific to that defined forest area through a public process. This creates the potential for a proliferation of indicators, not all of which may be necessary, nor good scientific measures of sustainable forest management. Further demonstrating that standards vary significantly both between and within systems, a number of different performance indicators are applied by the four or five BC-accredited auditors, even though the general principles and criteria may be standardized.

One industry interviewee stated that there is presently a vacuum on what the right sustainable forest management indicators should be, and that vacuum is being filled by multiple, overlapping and expensive CSA processes, and also the FSC regional standards process. Over time, these processes will inevitably arrive at many of the same indicators, and possibly result in a "ratcheting up" of performance standards. Concerns were also expressed that there are several other provincial indicator development processes underway that could potentially create further "indicator overlap" and inefficiencies (i.e., indicator and monitoring programs for state of the forests, model forests, environmental trends, state of parks, strategic land use plans).

Related to this, we heard frustration from some that government has not defined its own sustainable forest management expectations for BC in the form of *measurable* performance standards. Other than for a few measurable standards in the Forest Practices Code (e.g., clear cut size and green-up provisions), BC's approach to forest regulation is largely about requiring licensees to follow defined procedures, which industry argues inhibits innovation and is an expensive regulatory model. A range of interests, including major industry, certifiers, value-added producers and ENGOs, suggest that BC needs a government-endorsed "made in BC" SFM performance standard that can be integrated with certification standards and provide the basis for a shift towards a "results-based" regulatory system.

The idea of a "results-based" Code is something that industry has proposed as a means of reducing regulatory costs, compared to the existing regulatory model that has been described as a "rules-based" approach. In the past, this notion has been advocated independent of certification, although linkages with certification are presently being explored in pilot projects (e.g., Fort St. John results-based Code pilot) where criteria and indicators are being developed that might address both CSA certification requirements and provide a basis for results-based regulation.

Also on the subject of performance measures, we heard that certification systems and government regulation of forest practices are both vehicles for achieving SFM and that there is an emerging duplication of effort and cost that should be reconciled.

(b) Options for Addressing the Performance Monitoring Issue

Two options have been identified through study consultations, as described below. The implications of these are summarized in Table 13 at the end of this section.

(i) Development of Performance Standards

This option would see government engage in a process to develop a set of performance expectations for sustainable forest management in BC. The measures would take the form of measurable criteria, indicators, or objectives that could potentially be employed in a number of ways, including to:

- contribute to individual CSA certification (public participation) processes,
- contribute to processes that are undertaken to develop certification standards for BC, such as the current FSC regional standards development process for BC,
- provide a basis for provincial-level "state of the forests" reporting,

- enhance or possibly replace aspects of the current "rules based" approach in the Code with a "results-based" approach, and
- provide a foundation for BC's own certification system which would be government endorsed, but implemented through independent third-party auditors.

Stakeholder Input on Performance Standards:

- government should strike a small, knowledgeable group to prepare a focused set of core indicators for monitoring sustainable forest management (major industry)
- there is a role for government to develop a set of sustainable forest management indicators that all parties can use, and that can be used for multiple applications including: certification, state of the forests reporting, environmental trends reporting and land use plan monitoring (certifier)
- government should, through an independent panel of experts, develop a core set of criteria and indicators (performance standards) that would be common requirements for all licensees, and these should form the basis for a BC certification system that could be used to obtain recognition under the Pan European Forest Certification System, and to replace the current rules-based regulatory approach with a results-based approach (major industry)
- certification should be used as a complement to a results-based management approach; results-based management is more consistent with certification (major industry)
- enhance the Forest Practices Code by including new criteria and indicators and a requirement for independent verification (major industry)
- empower forest managers to exercise results-based methods, and avoid forcing them to complete non-essential paperwork (private forest land owners)
- adopt a results-based code, where government sets the performance standards and gets out of the way and leaves companies alone to manage the land base to those standards, subject to periodic audit. Allow companies to exceed government's performance standards in order to meet external certification requirements if they wish to (value-added processor)
- we need "early warning indicators" that are not only easy to measure, but also provide meaningful information on the adequacy of management actions (ENGO)

Implications of Developing Performance Standards

Having a core set of government-endorsed SFM criteria and indicators would likely produce more efficient CSA certification processes in the sense that public participation tables that are developing SFM systems could consider / adopt the majority of their SFM indicators from the core list. A core set of government-endorsed SFM indicators may also help integrate the several ongoing provincial-level monitoring initiatives (e.g., state of forests reporting, environmental trends reporting) that are dependent on the ability to roll-up performance results from the management unit level. A further potential benefit is industry-wide efficiency and increased competitiveness that may be realized if core SFM criteria and indicators are adopted as a basis for replacing the current rules-based regulatory model. Doing this, however, would be a major policy reform that lies outside of the certification issue, *per se*.

The greatest potential challenge that would arise in developing a set of government-endorsed SFM criteria and indicators is the process that would be required to arrive at an agreeable product. Although much ground work has already been done on the subject of SFM criteria and indicators (e.g., Canadian Council of Forest Ministers criteria and indicators for sustainable forestry, outcome of results-based pilot projects, various forest certification systems, other international processes) a "made in BC" product would likely require a separate BC process involving extensive stakeholder participation. Such a process could be expected to be complex and achieving consensus on the results may be extremely difficult. As well, aligning a "made in BC' set of SFM criteria and indicators with certification systems' performance measures would be desirable, but may be difficult.

Assuming that a core set of agreed upon SFM criteria and indicators could be prepared, there would remain uncertainty about what they might bring. Would they be accepted as legitimate? Would they qualify for mutual recognition with other certification systems? Would they necessarily stop markets from demanding products that are certified under externally developed systems? These and other questions would have to be carefully considered before this option was acted upon.

A further difficulty of adopting a performance-based regulatory system based on a core set of government-endorsed SFM indicators relates to BC's tenure arrangements. As has been demonstrated through certification implementation in BC, a performance-based regulatory system would require the ability for auditors to separate the performance of the firm being audited from the actions and impacts of other licensees (see Section A, Defined Forest Area and Long-term Management Commitment). In TSAs, management responsibilities are shared and licensees cannot control the performance of others that operate within "their" forest area. A results-based system requires independent accountability for performance which implies a need for other tenure-related reforms to accompany this option.

(ii) Regulatory Relief

This option envisions using certification performance standards to potentially substitute for some of government's regulatory presence. If licensees voluntarily meet threshold levels of performance as confirmed through independent certification auditors, they arguably should be afforded some relief from government's regulatory requirements (e.g., streamlined cutting permit approvals, elimination of silviculture permit approvals). Certification provides some of the same assurances that government's administrative requirements are intended to provide (such as environmental protection, community involvement).

Stakeholder Input on Regulatory Relief:

- licensees that maintain good standing under a certification system that has acceptable performance standards to BC should be viewed as low-risk operators who can be afforded some level of regulatory relief (major industry)
- remove duplicate or parallel (government) regulatory processes where licensees are demonstrating good performance as confirmed through independent certification; enable this through minor legislative change such as that used for the Results-based Code Pilots (major industry)
- using independent certification to reduce the enforcement role of government isn't necessarily a bad thing; scarce government resources could be re-directed to other forest management priorities (government staff)
- don't replace the regulatory environment with certification; instead look for ways to harmonize them (government staff)

Implications of Regulatory Relief

The obvious major attraction of this option, to both government and licensees, is potential cost-savings. Government would save costs in administration, compliance monitoring and enforcement; licensees' costs would be reduced because they would be exempt from performing certain regulatory activities that they are currently required to perform.

The magnitude of cost savings would depend on the extent to which government's regulatory presence is replaced by certification and the extent to which licensees obtain certification under acceptable systems. Presently, licensees pursing certification face the cost burden of meeting both certification requirements and government's regulatory requirements. Government cost savings could potentially be re-deployed to other forest management priorities such as research, inventories, improved coordination, etc.

The downside arguments relate primarily to reforms that would be needed to make this option workable and uncertainties about how it might be implemented. Government would have to be satisfied that certification performance standards reflect an acceptable interpretation of sustainable forest management, suggesting that a set of government-endorsed SFM performance standards would be required to enable implementation of this option. Developing such a set of standards may in itself be a difficult task (see (i) above). Government would have to confirm that independent auditors are qualified to verify SFM performance. Also, questions would have to be addressed about the specific regulatory elements that certification would replace, and the appropriate role of the Forest Practices Board in relation to certification bodies and auditors.

A cautioning view on the suggestion that certification could substitute for some of government's regulatory presence came from a government staff member who advises that international markets are not likely to see a reduction in government's forest management role as a positive development, and that the BC public may not be ready for this form of forestry regulation. One industry representative, however, foresaw the possibility of independent certification to inspire public confidence in sustainable forest management.

TABLE 13: IMPLICATIONS OF OPTIONS: MONITORING PERFORMANCE STANDARDS

Option	Advantages	Disadvantages
Development of Performance Standards	• groundwork already prepared or in preparation for developing such standards (e.g., CCFM criteria and indicators, results-based pilots) • likely to improve efficiency of CSA certification processes • may help integrate ongoing provincial-level monitoring initiatives (e.g., state of forests) • increased industry efficiency and competitiveness if performance measures used to replace current "rules based" regulatory model	• would require complex / difficult stakeholder process to reach agreement on appropriate provincial standards • difficulty in aligning "made in BC" criteria and indicators with certification systems' performance measures • uncertainty about whether or not the standards would be seen as legitimate, eligible for mutual recognition, and acceptable to international markets • performance standards may not be useful as basis for adopting results-based regulatory approach, without also adopting tenure reforms to overcome volume-based tenure issues of diffused management responsibility
Regulatory Relief	• potential cost-savings for both government and licensees	• may require government to develop its own SFM performance standards as basis for determining the acceptability of certification systems that would replace regulatory requirements • need to confirm qualifications of independent auditors to verify SFM performance • numerous implementation decisions required (e.g., what regulatory elements would certification replace, what would be role of Forest Practices Board?)

ISSUES RELATED TO THE GENERAL ROLE OF GOVERNMENT IN FOREST CERTIFICATION IMPLEMENTATION

H. Government Policy on Certification

(a) Issue

Government's approach to certification has been cautious, largely because it has been concerned about the implications of government adopting a position on private arrangements between licensees and certification systems. Its position to date has been that current BC laws and policies adequately promote sustainable forest management and that the ability of certification systems to do so remains to be proven. Government supports certification as one tool among many for encouraging sustainable forest management, and holds the view that, to be successful in BC, certification systems must be consistent with sustainable forest management principles, practical, cost-effective, applicable to B.C. forest management practices, and applicable to all types of forests, and that they should be globally equitable and not result in unfair trade barriers to B.C. exports. Government does not endorse any certification system in preference to another.

Government acknowledges the growing importance of certification to the B.C. forest industry to ensure market access, and encourages the forest industry to prepare for certification. It recognizes the need to work with industry and other interests, as well as markets, to develop solutions that promote sustainable forest management practices and facilitate market access.

Representatives of several sectors commented that government appears to view certification as a threat to its jurisdiction and to its current policies on sustainable forest management. However, there was general unanimity that:

- BC needs a clear policy supporting the principle of certification,
- government's policy should provide a basis for (a) dissemination of objective certification-related information to licensees, customers, certifiers and the general public, (b) active staff support for certification applications, and (c) review of laws, regulations and programs and their implementation to ensure they facilitate rather than impede certification,
- government should be proactive in facilitating certification, but should not attempt to take a leadership role, and
- government should remain neutral regarding the merits of different certification systems.

(b) Options for Addressing the Policy on Certification Issue

(i) Adopt a Comprehensive and Supportive Policy on Certification

Government would develop a comprehensive policy that supports certification in principle, proactively facilitate certification without taking a leadership role, and remain neutral on the merits of certification systems. The policy would aggressively promote certification and set targets for certification of Crown timber.

<ins>*Stakeholder Input on Policy Certification:*</ins>

Government Policy Position on Certification

- BC is very different from other jurisdictions because the Crown's role is so pervasive, so licensees are dependent on government cooperation when they seek certification. In the absence of such cooperation, licensees make deals with certifiers (e.g., on public/First Nations consultation, protection of high value conservation forests, and cut levels). Government needs to be involved in these decisions early on, and a supportive policy would encourage this involvement and the building of capacity for government involvement in facilitating certification. (government agency)
- certification systems generally require compliance with laws and regulations. But government also needs to examine its laws and regulations to ensure that they don't prevent licensees from complying with certification standards, and to make revisions to laws and regulations where necessary. In the absence of a policy clearly supporting certification, government has no incentive to conduct this examination. (major industry)
- current regulations are restrictive rather than enabling. For example, policy that limits licensees to meeting minimum Code standards rather than exceeding them places a brake on the ability of certification applicants to meet certification standards. (certifier)
- government is used to setting the rules but needs to acknowledge that customers as well as industry have a legitimate voice in setting the direction for sustainable forest management. Instead of burying its head in the sand, government needs to assess what future market demands are likely to be and what the state of industry needs to be to meet these demands. (certifier) It needs to recognize that certification is as much an opportunity as a threat, and that if independent auditors draw positive conclusions about the state of BC forestry, it's a great chance for BC to promote its products and practices. (government agencies)
- at the regional and district levels of the Ministry of Forests, staff confusion about the meaning of certification and lack of knowledge of certification standards inhibits the provision of necessary information and cooperation with licensees and certifiers. Especially at operational levels, some staff are territorial and view certification as competing with government regulatory authority. Policy guidance is needed to provide clear direction to staff whose assistance is required for certifications to succeed. (certifiers)
- government reliance on revenues from the forest industry creates a resistance to any initiative that might alter the forest industry and makes it difficult for government to take an impartial role in certification implementation. Brevity of political terms of office encourages short-sightedness and reluctance to support projects that produce long-term rather than short-term benefits. (community forest association)

Certification Targets

- the policy should aggressively promote certification and set targets for crown timber—e.g., 95% of crown timber to be certified by a certain date—recognizing that the more timber is certified, the better opportunity licensees have to obtain chain-of-custody certification. The policy should also commit to certification of all SBFEP volume. (major industry)

Endorsement of Certification Systems

- government should remain neutral regarding the merits of different systems. Declaring preference for one system over another would threaten the independence of the process and could raise trade barrier issues. (certifiers)

Sustainable Forest Management

- the logical consequence of a policy supporting certification would be provision of the tools needed for sustainable forest management—landscape unit planning without timber supply caps and implementation of Code provisions for biodiversity protection, wildlife identification and landscape unit objectives. Policy should acknowledge that markets are a legitimate influence on regulation. (ENGOs, community forest associations, certifiers).
- policy should promote ecosystem-based forestry to enable short-term volume-based licensees to obtain certification. (small licensees)
- policy should enable licensees to exceed minimum standards set by the Code and land use plans. (major industry, certifiers)

- policy should support small business forestry and value-added business (e.g., through financing programs, FRBC value-added assistance, issuance of strong tenure rights) to promote sustainable forest management. (community forest associations) (small business, value-added industry)
- policy should articulate how certification fits with other sustainability initiatives (land use planning, protected areas, biodiversity initiatives, timber supply reviews, Code) (major industry, small licensees)
- policy needs to reflect a recognition that overemphasis on traditional short-term profit objectives is inconsistent with long-term economic security. (ENGO)

Implications of Adopting a Comprehensive and Supportive Policy on Certification

Policy support for certification could provide the foundation needed for a variety of initiatives that would facilitate certification implementation, e.g., landscape unit planning, tenure reform, and law and policy review. The main drawback to government might be the cost and complexity of working towards an accommodation between its own approach to sustainable forest management and varying certification requirements.

Adopting a more supportive and proactive policy and associated initiatives for implementing such a policy would result in increased costs for government, depending on how closely it chooses to become involved in facilitating certification. Policy implementation could incur significant costs for the placement of additional staff in field offices to facilitate certification applications; upgrading of resource inventories needed for sustainable forest management planning and performance monitoring; and adopting forest tenure or other policy reforms. In the long term, these costs could conceivably be offset by benefits such as assured market access and resulting revenues.

Policy changes driven by fluctuating international factors like certification may be perceived as being inconsistent with a measured approach to policy development and a threat to government independence in defining sustainable forest management on its own terms. However, government recognizes that policies generally are increasingly being influenced by international developments due to globalization and international agreements.

Certification systems and existing government forest policies share the objective of sustainable forest management. Government has been ambivalent about the ability of certification to achieve this end, and is concerned about adapting laws and policies to meet unproven certification requirements. While supportive policies may enhance BC's ability to achieve sustainable forest management, caution will be required to ensure that government and certification approaches to sustainable forest management are compatible.

TABLE 14: IMPLICATIONS OF OPTIONS: GOVERNMENT POLICY ON CERTIFICATION

Option	Advantages	Disadvantages
Adopt a Comprehensive and Supportive Policy on Certification	• foundation for decisive government action on certification • facilitation of licensee certification • clarity for government staff	• cost of additional staff resources • perceived threat to government jurisdiction

I. Communications

(a) Issue

To a limited extent government promotes BC forest practices internationally, but has no comprehensive strategy for communicating with licensees, certifiers and the general public on the attributes of certification systems and their implementation in BC.

Four primary audiences have a significant interest in obtaining information about forest certification systems and their compatibility with the BC government's approach to sustainable forest management: (a) potential and current applicants for certification; (b) certifiers operating in BC; (c) customers for BC timber products; and (d) the general public.

Although some forest certification systems have been in operation for several years, the impact on BC has been felt much more recently. It was only two years ago (early 1999) that the first certification approval was granted in the province, yet industry involvement since that date has grown at a rapid pace in response to decisions by major international buyers to limit their wood purchases to products of sustainably managed forests. While many licensees, both large and small, have climbed aboard the bandwagon by applying for certification, others have held back because they are uncertain about the process, costs and benefits, and characteristics and requirements of different certification systems. Industry and forest communities need to understand the strengths and weaknesses of certification and different systems in relation to the BC forest management context, yet sources of comprehensive and objective information are hard to come by.

As the number of applicants increases, so too does the number of firms accredited to audit their operations and determine whether they meet the standards set by different certification systems. Certifiers coming to BC may not be familiar with provincial policies and practices and, because government plays a predominant role in forest management, may face more significant challenges evaluating applications than in other jurisdictions. Ready access to information about BC practices is important to facilitate their efforts.

Similarly, buyers in international markets may lack familiarity with BC's progress towards sustainable forest management. In the view of some licensees and government agencies, the BC government has world-leading policies and practices but misinformation provided to markets by environmental groups has led to misunderstandings about the level of BC standards. The alternative view, held by environmental groups and some smaller licensees, is that government's reluctance to create short-term negative economic impacts has led it to compromise sustainable forest management standards and to fail to implement or enforce laws and programs promoting sustainable forest management. In either case, there is no doubt that some major international customers have come to view BC forest practices with suspicion, creating market access challenges for BC timber producers and a further impetus for achieving certification.

Meanwhile, during the brief period of time since forest certification became an issue for BC, there has been little opportunity for the general public to become familiar with forest certification and its role in ensuring market access and promoting sustainable forest management. Public understanding of certification and its relationship to the role of government will become increasingly important as certification activities expand in BC, especially because of the importance of public participation and First Nations consultation in certification processes.

Participants in the study generally concurred that there is an important need for comprehensive and objective information about certification generally and about the compatibility between different certification systems and the BC approach to sustainable forest management. Many participants in the study expressed the view that government, as a neutral party representing the public interest, is in the best position to provide information about certification and sustainable forest management. There was general agreement that such information should be objective and unbiased, but differences of opinion about what that means.

The general industry view is that BC needs to aggressively promote existing forest industry and government management standards and practices developed over recent years and explain that these practices represent a dramatic improvement over past approaches and are consistent with sustainable forest management objectives. They assert that BC's record is defendable and should be promoted to build markets for BC products. Opposing this view, some participants note that forest certification programs came into being precisely because of the gap between government rhetoric and the failure of governments to commit to sustainable forest management that balances ecological, economic and social needs over the long term. They maintain that BC has little credibility in the international community, and that the way to build credibility is to avoid hyperbole and propaganda, acknowledge that BC needs to improve its approach to sustainable forest management, and communicate its resolve to do a better job. Many participants across the spectrum agree that the BC government has made significant strides towards sustainable forest management in recent years with the enactment of the Forest Practices Code, the Protected Areas Strategy, strategic land use planning, the timber supply review program, and establishment of an independent Forest Practices Board to oversee compliance with Code requirements; however, there are marked differences of opinion about government effectiveness in implementing such initiatives.

Some participants also suggested that government should promote consumer acceptance of higher prices for certified products. Surveys have shown that, for most consumers, price and quality of wood products are currently more important than product certification. If government is supportive of certification, it needs to actively promote understanding of the importance and cost of certification and the public benefits reflected in higher prices.

One certifier commented that government needs to communicate how well (or not well) its regulatory systems and policy requirements meet international and independent certification standards. Some participants advocated that government communicate support for certification systems that promote sustainable forest management. All systems share this goal, but some participants remain unconvinced that they all achieve it. Industry representatives added that government should be promoting Canadian-developed certification systems such as CSA to international markets, recognizing that international standards may not be as relevant to the BC context. This view was not shared by participants who favour what they believe to be FSC's more rigorous standards.

Effective communication by government with international customers could increase market access, especially for industry that has yet to achieve certification. However, government will face difficult choices about the appropriate message to convey.

Certifiers commented that government needs to communicate clear and defendable information to certifiers about how AAC has been set and how apportionments have been allocated. In communicating AAC rationale and Code requirements, government needs to state explanations in relation to the language used in certification standards.

(b) Option for Addressing the Need for Communication on Certification Issue

(i) Develop a Comprehensive Communications Strategy on Certification

Government would develop a comprehensive communications strategy on certification, including information packages for certifiers, licensees, international markets and the general public.

Under this three-pronged strategy, government would:

- aim for increased market understanding of advantages and shortcomings of BC's sustainable forestry initiatives in order to promote a demand for certified timber from BC,
- meet the needs of licensees and certifiers for information to facilitate certification applications, and
- promote increased public understanding and acceptance of the characteristics and benefits of forest certification initiatives in BC.

Stakeholder Input on a Certification Communications Strategy:

- prepare comprehensive information packages for certifiers, with an emphasis on explaining the BC regulatory and policy context, its tenure and planning systems, and division of responsibilities between government and licensees. (ENGO)
- develop a public information package explaining the history and nature of certification, approaches taken by different certification systems, their strengths and weaknesses, government policy on certification, and the relationship between independent certification and the role of government. (certifiers, ENGO, First Nations)
- provide additional information to licensees about comparative systems, costs and benefits of certification, process requirements, and government assistance to licensees preparing for certification. (major industry, small business)
- provide guidance to applications on interpretation of certification requirements in the BC context, including the meaning of informed consent by First Nations and procedures for obtaining consent. (ENGO)
- provide information to the public and government staff on the benefits of the results-based management approach and its fit with certification (major industry), and on how Code provisions meet or fail to meet different certification standards (certifier).
- in addition to developing brochures and more comprehensive information kits for general distribution, ensure maintenance of an up-to-date certification website, including additional information such as maps of completed LRMPs and of lands that have achieved certification or for which applications are underway. (certifiers)
- hold educational seminars and workshops for government employees, small business operators, auditors and consultants. (certifier)
- have scientists and researchers communicate State of Forests results, based on SFM criteria and indicators. (government agency)

Implications of Developing a Communications Strategy

It appears that there would be widespread support for government communications initiatives that present objective information about certification and facilitate the certification process. Developing information packages that describe the meaning and implications of certification, characteristics of and differences between different systems, and details of the certification process may be relatively straightforward as government has already organized information on the subject. Efforts to provide advice to licensees on the meaning of certification requirements and their relationship to government policy may be more challenging—for example, defining the meaning of the FSC requirement for First Nations informed consent and its compatibility with government consultation policies.

Similarly, in crafting messages about the success of BC policies for sustainable forest management and their ability to meet certification requirements, government would be faced with difficult choices, knowing that whatever approach it takes to providing information to international markets may lead to controversy among sectors and questions of credibility. An important prerequisite for developing a communications approach to international markets, and to other audiences, may be the development of a broadly supported definition of sustainable forest management that includes measurable indicators of sustainable forest management performance.

Naturally, there are cost implications for government of developing, maintaining and distributing information on implementing certification systems in BC. In return for this outlay, it is likely that certification approvals would be facilitated to some level, although it is impossible to say by how much.

TABLE 15: IMPLICATIONS OF OPTIONS: GOVERNMENT COMMUNICATIONS

Option	Advantages	Disadvantages
Develop a Comprehensive Communications Strategy on Certification	• better international understanding regarding BC SFM practices • facilitation of certification process for licensees and certifiers • increased public understanding of certification and government role • clarity for government staff and encouragement of a consistent approach	• cost of increased staff resources and communications packages • uncertainty re: appropriate message to convey to facilitate an unbiased and objective understanding of BC progress to SFM and its compatibility with certification requirements

J. Government Support for Licensees and Certifiers

(a) Issue

Government recognizes that licensees and certifiers may require information from government during the application process, and has appointed contacts in forest region offices to facilitate communication when necessary. Staff are participating in industry-led sustainable forest management planning processes at the TSA level (i.e., Kamloops, Fort St. John and Morice TSAs); and are directly involved in testing the implementation of certification systems for the Small Business Forest Enterprise Program in several other pilot projects. In addition, government has developed an information kit and is providing training courses for district staff to get them up to speed and clarify government's role.

Although government views certification as a private arrangement between licensees and certifiers, government's extensive role in planning and information preparation and analysis creates a reliance on government staff for assistance during the application process.

According to some certifiers and licensees, there is confusion among staff in some Ministry of Forests districts about the meaning of certification, the nature of different certification requirements, and staff roles in cooperating with licensees and certifiers in providing information in the hands of government. This creates difficulties for certification applicants attempting to address information gaps or to address issues that are beyond the authority of licensees. Some government agency staff may see certification as challenging the status quo and a threat to government's authority to define and implement SFM in BC. One certification applicant who experienced lack of cooperation at the district level assumed it was a result of distrust of the FSC certifier and feeling threatened by changes to the status quo.

A government agency representative emphasized the need of licensees for assistance developing indicators and performance measures, and noted that information is scattered and there are no effective methods for pulling it together. An ENGO representative expressed concern that government appears to constrain operational staff from talking to certifiers about an applicant's performance, possibly because of fear of libel suits by licensees and concern that staff comments may lessen chances for certification, and that this reluctance lessens government credibility and impedes certification.

A certifier, citing the example of disagreement between Ministry of Forests and Ministry of Environment, Lands and Parks staff about whether certification requirements were met in one instance, emphasized the need for better coordination among ministries dealing with certification applications, and the need to increase the capacity of MELP to assist with certification applications.

There was general agreement that government should promote a better understanding of certification issues among staff at the district and regional levels as well as greater cooperation with certifiers and applicants.

(b) Option for Addressing the Implementation Support for Licensees and Certifiers Issue

(i) Enhance Government Assistance to Licensees and Certifiers

Under this option, government would provide clear direction to operational staff about how certification works and what role forest regions and districts should play, and promote better communication and cooperation between ministries with an interest in certification. This option would augment the communications strategy described in Section I above by enhancing the understanding of operational staff about government's role in providing support for certification applications. Its purpose would be to facilitate certification applications by ensuring adequate and consistent access to the information and advice needed to achieve certification approval. Government would promote better cooperation between the Ministry of Forests and the Ministry of Environment, Lands and Parks to ensure a consistent and credible approach in dealing with certification applications.

Stakeholder Input on Implementation Support for Licensees and Certifiers:

- provide clear direction to forest districts about how certification works, what it means, and what role districts can play, and direct ministries to provide advice and support to licensees seeking certification. (small licensees)
- work closely with applicants through all steps of the application process, especially through provision of information needed to meet certification requirements. (certifiers, major industry, ENGOs)
- provide advice to licensees, especially small business and woodlot owners, on what is needed to obtain certification for both performance-based and management-based systems, and conduct a pilot project for woodlot owners on how to obtain both ISO and FSC certification. (woodlot manager)
- encourage cooperation between regional and district staff to ensure access to information needed to meet certification requirements, designate both district and regional contacts, and ensure adequate staff resources for cooperation with applicants and certifiers. (certifiers, major industry, ENGOs). Designate staff contacts at both the regional and district levels. (certifier)
- promote better communication and cooperation between ministries, and encourage a larger role for the Ministry of Environment, Lands and Parks. (certifier)
- provide inventory information needed to develop management and undertake monitoring (woodlot manager)
- determine who has responsibility for monitoring requirements and post-certification conditions and provide advice to small licensees in meeting conditions with which they have little experience – e.g., establishing a dispute resolution system. (small business)
- provide additional support for industry in all areas with volume-based tenures, including testing and promoting TSA-wide certification in SBFEP areas. (major industry)
- participate in sustainable forest management planning processes at the TSA level (major industry, government agency)

Implications of Implementation Support for Licensees and Certifiers

Adopting this option should help expedite certification applications, given government's pervasive role in forest management in BC and the need of applicants and certifiers to rely upon government staff for information and advice.

Increasing the capacity of ministry staff to provide assistance to applicants and certifiers would almost certainly require additional staff resources. To some extent this cost could be offset by increased efficiency based on clear direction to staff on roles and responsibilities. Government has recently developed an information package and a staff training program for operational staff that may go a long way towards creating a better understanding of certification and the importance of cooperation.

TABLE 16: IMPLICATIONS OF OPTIONS: GOVERNMENT SUPPORT FOR LICENSEES AND CERTIFIERS

Option	Advantages	Disadvantages
Enhance Government Assistance to Licensees and Certifiers	• facilitation of certification application process • increased efficiency of government services	• cost of increased staff resources • expansion of traditional government role

K Participation in Standards Development

(a) Issue

The government seeks to ensure that certification systems are based on criteria that treat all countries equally, take into account any circumstances unique to BC, and do not create trade barriers.

The BC government provides input to the development of standards of all three certification programs that are currently most active in the province. It provides ministry representatives on the technical committee that developed CSA Z808 and Z809 standards, provides input to CSA's periodic review of the effectiveness of its system, and was closely involved in the development of the Canadian Council of Forest Ministers criteria and indicators that guided the creation of CSA forest certification standards. The government is also represented on the Canadian Advisory Committees for ISO 14000 standards, which formulate the position that Canada puts forward at international ISO meetings.

A multi-stakeholder standards team was appointed in January 2000 to write draft BC regional FSC standards, which are expected to be distributed for comment in 2001. The BC FSC Steering Committee, which oversees the development of standards and will vote on their approval, consists of two representatives from each of four "chambers": Economic, Environmental, Indigenous Peoples and Social. Government had taken the position with FSC International that government input should be welcomed in forest certification standards processes such as the FSC regional standards, particularly when government is responsible for public lands. The BC FSC then invited government to participate in the Standards Team, but on the basis of ex officio (non-voting) status. The government appointed a representative from the Ministry of Forests and an alternate from the Ministry of Environment, Lands and Parks, who have attended and participated in standards meetings. Their primary roles are providing technical information to the standards team, informing the team about government laws and policies and their implications for standards development, and informing and receiving feedback from government on each stage of progress. Government also provides review and comment of certifier checklists.

At the national level, the BC government cooperates with the federal and other provincial and territorial governments in implementing Canada's National Forest Strategy, developed through the Canadian Council of Forest Ministers in 1992. The strategy includes a Framework of Guiding Principles for Voluntary Certification Systems for Sustainable Forest Management. BC government involvement with certification systems is based on the expectation that systems will adhere to the 12 principles included in the framework.

Many participants (primarily industry and environmental groups) expressed support for one or another certification system. Industry predominantly expressed support for CSA/ISO (and most recently also SFI), although some major and small licensees expressed the view that FSC certifications are essential because FSC comes closest to embracing the Rio/UNCED principles for sustainable forest management, has the support of major environmental groups with an impact on markets, and provides a chain-of-custody eco-logo that is important for market access. However, there was general agreement that government should remain neutral regarding the merits of different certification systems.

Government involvement in the development of FSC standards was a matter of particular interest. The outcome of this process is seen as particularly important for BC. FSC is the only certification system that requires the development of regional standards, based on the system's 10 detailed principles and 56 criteria. An initial effort to develop regional standards for BC was short-circuited over procedural questions, and the process began anew early in 2000.

Some industry and labour representatives expressed concern about the development of regional FSC standards that may exceed current legislative and policy requirements, be more stringent than FSC standards applied to other (primarily Scandinavian) countries, and make certification too costly and too difficult to achieve. Some individuals took the position that countries with no old-growth forests played an important role in early interpretations of appropriate FSC principle , and that BC may be cast in a disadvantaged position because of its relative abundance of and dependence on old-growth forests.

Other participants noted the likelihood that BC will remain heavily dependent on FSC certification because Canada is more dependent on international markets than the US, and the largest home-building suppliers have indicated their intention to only purchase old-growth timber from FSC-certified forests. For that reason, they believe, it is essential that government adapt to FSC requirements and support the regional standards process without attempting to lower the standards to the level of current law and policy.

The degree of government involvement in the development of FSC regional standards is a problematical issue. Some participants expressed concern that greater involvemant might create an impression of government support for FSC in preference to other systems; others were concerned that government might attempt to take over or delay the process. Some of those who advocated greater involvement emphasized the importance of close links to ensure compatibility between FSC and government standards. There were strong differences of opinion as to whether government should raise its own standards to more closely approximate FSC requirements, or attempt to influence FSC to adapt its standards to current BC conditions.

Participants did not comment on government involvement in the implementation of other certification systems such as CSA and ISO. This may have been simply because of the current intense interest in and debate about the development of FSC regional standards specific to BC.

(b) Options for Addressing the Participation in Certification Standards Development Issue

(i) Enhanced Government Participation in Certification Standards Process

To attempt to ensure that FSC certification standards are well balanced and are compatible with provincial laws, policies and programs, government would:

- assess current laws, policies and programs to determine compatibility with FSC standards,
- work closely with FSC to try to ensure that meeting the "standards bar" is affordable and that standards are scientifically based and address socioeconomic implications, and
- provide greater support to the government ex officio representative and alternate in the FSC standards-setting process.

Stakeholder Input on Government Participation in Certification Standards Development:

- ex officio representation works well, and government should assist it by closely monitoring the standards development process. (ENGO, professional association) Government ex officio government representatives on the standards team do an excellent job, but their involvement is limited by their other responsibilities. Government should provide them with the back-up and support needed to participate effectively and communicate with government officials to test ideas and receive feedback. (major industry)
- government should use its contacts in districts and regions to help facilitate the community outreach sessions that are part of the process. (Major industry) In addition, government should consider contributing funding support to the process to maximize its effectiveness. (major industry, community forest association)
- government should assess existing laws and policies to determine whether legal requirements may hamper licensee success in achieving certification. (major industry) Government should provide the FSC standards team with information that explains the reasonableness of government policy regarding the gradual stepping-down to long-run sustained yield, promoting the long-term approach to sustainable forest management. (certifier) Government should take a larger role in the process to ensure balance and reasonableness in the result. (major industry, small licensees, ENGO, certifier)
- government should work with FSC to ensure that the standards "bar" does not exceed affordable levels and should ensure that proposals to raise standards are scientifically based and recognize socioeconomic implications. It should track the comparability of standards among different jurisdictions to ensure that FSC standards are equitable. (major licensee, certifier)
- government should encourage all certification systems to include qualified professional foresters in standards-setting processes. (professional association)

Implications of Enhanced Government Participation in Certification Standards Process

Most of the suggestions described above are compatible with government ex officio status in development of FSC regional standards, and government has already pursued some of these suggestions. Any additional involvement by government in the FSC regional standards process will probably need to be done within the context of ex officio status. The issue of government membership in FSC has already been negotiated and resolved. International FSC regulations provide that voting within FSC elected bodies is restricted to FSC members, but there are no restrictions on the nature of the bodies that can be involved in the standards process. However, some believe that direct voting participation by government might create the appearance of government support for FSC in preference to other certification systems.

Similarly, further government funding of FSC might be perceived as preferential treatment. Government has already matched funding support from individual companies by contributing $10,000 through the Ministry of Forests in addition to providing the time of a government representative and an alternate at the standards team, as well as technical or research data as needed.

Most other suggestions for change are consistent with ex officio status and, to some extent, are being implemented. Government ex officio representatives consult with and obtain feedback from groups outside and within government, including committees at the Deputy Minister and Assistant Deputy Minister level. An analysis of potential conflicts with government law and policy has been conducted. A comparative analysis of existing draft standards against Code standards has been conducted, and the regional draft standards, once completed, will be field-tested. That being said, the government's ex officio representatives face significant challenges in that the FSC standards process is only a small part of their overall workload.

Providing greater support for or interaction with the regional standards process would impose an additional cost on government. However, doing so may incur significant benefits by ensuring an appropriate fit between the standards and government law and policy, and by easing the way for licensees to achieve FSC certification. Because FSC is the only certification system with a standards process specific to BC, and given the current extent of FSC impact on markets, both government and licensees have a high stake in ensuring that the standards are workable. FSC standards, already the most demanding among major certification systems, have gradually becoming more stringent since the first regional standards were approved in Scandinavia, and government will need to remain closely involved during the standards-setting process, if it wishes to address gaps between FSC requirements and current provincial approaches to sustainable forest management.

TABLE 17: IMPLICATIONS OF OPTIONS: PARTICIPATION IN STANDARDS DEVELOPMENT

Option	Advantages	Disadvantages
Participation in FSC Standards Development	• government is already pursuing many of these directions, or is positioned to pursue these directions, through existing participation mechanisms in the standards development process • opportunity to shape standards to maximize compatibility with BC approach to SFM • increased readiness for certification success once standards are approved	• cost of additional staff support • challenge of determining appropriate government approach to promoting achievable and balanced FSC standards

L Development of a BC Certification System

(a) Issue

Some representatives of major industry feel that the multiplicity of certification schemes competing in BC presents the danger of causing a ratcheting up of standards that may not be in the best interests of British Columbians and may not necessarily result in better SFM. In addition, licensees face a significant financial burden when they feel obliged to seek certification from more than one certification system. Certification for public lands is more costly, and because more than 94 percent of BC is Crown land, applicants pay a higher price. Some industry representatives consider that a uniform certification system throughout the province would be both more affordable and could be better suited to local conditions than current systems.

(b) Options for Addressing the BC Certification System Issue

(i) Develop a BC Certification System

Under this option, government would prepare and endorse a provincial certification system based on a core set of criteria and indicators (performance standards) that would be common requirements for licensees—for example, standards relating to biodiversity (such as seral stage distribution) or to water quality (such as a turbidity measure). Licensees that voluntarily met these BC standards, as determined by independent audits, would qualify to obtain the BC certification.

Government would amend its legislation and policies, if necessary, depending on the extent to which the new criteria and indicators would replace the current Code with a results-based regulatory approach. Licensees could still apply for other certification approvals if they wanted to.

Stakeholder Input on a BC Certification System

- when establishing a BC certification system, PEFC should be approached to determine what needs to be done to obtain accreditation for the BC system through PEFC. As the government of Finland essentially took this approach, the BC government should study their approach and how they obtained PEFC certification. (major industry)
- government could begin the process of establishing a provincial certification system by forming a separate body to lead the development of the BC sustainable forest management standard. Key people such as academics could take the lead by analyzing the current BC approach to sustainable forest management, evaluating the Code and conducting a gap analysis as a basis for developing BC-specific criteria and indicators for sustainable forest management. (major industry)
- government should not take a lead role in certification. (ENGOs, certifiers, some major industry)

Implications of Developing a BC Certification System

Government development of a certification system would represent a major departure from its current view that certification is a voluntary private-sector arrangement with no lead role for government. Direct government involvement in development of a certification system would raise questions about the independence of the process and about whether or not government has a jurisdictional mandate to take such action. However, the fact that some national governments with a smaller forest estate than BC have promoted voluntary "national systems" (eg. UK and Finland) validates the debate about the advantages of direct government involvement.

An important consideration is British Columbia's place in a national federal structure, where trade is governed by national, not provincial levels of government, and where trade, recognition and equivalence is often more a national than provincial issue. Canada has in effect already adopted a national certification system, implemented at arm's length through CSA. To that extent, a provincial system might be considered redundant, and the government would need to carefully assess the potential conflicts that may arise through developing an alternative system. Licensees need assurance that a BC system would not simply complicate their task by adding to the multiplicity of certification systems they have to deal with.

A primary challenge to government in implementing a BC system would be convincing international buyers of its merits and its capability of guaranteeing SFM to the satisfaction of markets. For example, an early determination of the possibility of accrediting a BC (rather than national) system through PEFC would be required. The current development of certification systems and of their impacts on markets remains volatile. While PEFC certification is acceptable to some European markets, it has thus far had little impact on markets in other parts of the world. Consequently, development of a BC system with PEFC accreditation would not necessarily preclude the need for licensees to seek certification from other systems as well.

A certification system based on the Code could be hard to sell to some buyers, given that some are of the view that certification must be "more than" legislation. As well, while the Code is essentially a forest protection law with most of the intended measures in place, there are still sections of the Code that have not yet been fully implemented. For example, aspects of designated wildlife and landscape unit planning demonstrate gaps to be filled. And, while the Code is more rigorous in many areas than the certification standards in some other countries, it does not necessarily deal with issues (including socio-economic ones) in ways that are explicit enough for most certification systems.

Development of a uniform set of criteria and indicators could result in significant cost-savings and greater clarity for licensees, and could facilitate licensees' ability to meet the requirements of other certification systems as well those of a made-in-BC certification system. While such a system might also facilitate BC's efforts to achieve SFM, there would be significant cost implications for government (see Part II, Section E, Monitoring Performance Standards).

If the British Columbia government were to contemplate establishing its own certification system, it would need to assess whether it has the mandate to do so and how to provide for independent auditing. It is possible that such a role might be fulfilled by the Forest Practices Board, an arm's length government agency that represents the public (as opposed to government) interest in sustainable forest management and conducts independent audits of compliance with the Code. Alternatively, government might endorse development and implementation of a BC certification system by a non-government body.

While these are options government needs to be aware of, and were raised by a few stakeholders, there were not significant requests for this option by stakeholders from any one sector.

TABLE 18: IMPLICATIONS OF OPTIONS: A BC CERTIFICATION SYSTEM

Option	Advantages	Disadvantages
Develop a BC Certification System	• potentially reduced duplication of information-gathering by licensees and government • potential compatibility FPC expectations and local conditions; possibly improved SFM	• challenge of convincing markets of capability of BC system to ensure SFM • licensees may continue to be faced with multiplicity of systems • abandonment of independent approach to certification systems • cost of development and implementation

M Harmonization and Mutual Recognition of Standards

(a) Issue

Government provides input to and negotiates with individual certification organizations but takes no position on integration of different systems or mutual recognition, other than advocating equity in the approaches of different certification systems.

It is complicated and expensive to try to deliver wood to the international market and achieve chain-of-custody certification. All certification systems identify sustainable forest management as a common objective, yet the requirements they set for achieving it are very different. Licensees are presented with a confusing array of alternatives, and the cost of the application process is multiplied for licensees who feel compelled to seek certification from more than one system. In addition, some certification systems appear to set different standards for different jurisdictions. This can create the appearance of inequitable treatment for jurisdictions such as

BC where the standards bar for systems like FSC is perceived to be higher (although this is difficult to confirm since the FSC regional standard for BC is not yet developed).

(b) Options for Addressing the Harmonization/ Mutual Recognition Issue

(i) Promote Harmonization and / or Mutual Recognition of System Standards

Under this option, government would cooperate with the federal government to promote integration or convergence of system requirements and mutual recognition of system standards. In addition, government might promote a North American equivalent to PEFC to accredit North American systems.

To determine the feasibility of harmonization and mutual recognition of standards, government might begin by conducting comparative analyses of certification standards to assess whether there are inequities in the way in which systems treat different countries and different regions. Government could then act as a catalyst to achieve harmonization or convergence of standards by working through CCFM and internationally to promote mutual recognition of different certification systems. The BC government should also work closely with the federal government to promote international understanding of the Canadian and BC approaches to sustainable forest management and thus encourage recognition of CSA as well as FSC in international markets.

In addition or alternatively, government would work to promote a North American equivalent of PEFC to accredit North American certification systems. A pan-American system would provide accreditation for systems such as CSA and SFI and promoting them to major buyers such as Home Depot.

Stakeholder Input on Harmonization / Mutual Recognition

- government should work through CCFM and internationally to promote mutual recognition of different certification systems, and work closely with the federal government to promote international understanding of the Canadian and BC approaches to sustainable forest management and thus encourage recognition of CSA as well as FSC in international markets. (major industry)
- government should work with European Union and international trade organizations to determine whether certification has the potential to create a non-tariff barrier to trade. (labour, major industry)
- there is such a divergence between FSC and other systems that harmonization is not a feasible option. (ENGOs, certifiers)
- because there was reportedly no representation of environmental interests in the development of standards for systems such as SFI, those systems do not adequately address environmental impacts of forestry and there is consequently little room for convergence. (ENGOs)
- harmonization may not be practicable because CSA, ISO nor SFI do not currently enable the chain of custody certification that FSC provides and PEFC is developing, and customers need to be satisfied that they are buying quality products. In addition, because SFI does not require independent third-party verification, it fails to adhere to the basic principles that define certification. ISO is compatible with FSC but deals with systems, not performance. (certifier)
- government should work to promote a North American equivalent of PEFC to accredit North American certification systems. (small licensee)

Implications of Promoting Harmonization and Mutual Recognition

Harmonization of certification standards would work to the benefit of licensees and of government by simplifying its efforts to ensure compatibility between certification system standards and the provincial regulatory and policy framework. On its own, the BC government would have little influence in promoting harmonization; any success in doing so would require close cooperation with the federal government, governments in other jurisdictions, and certification organizations. As a feasible first step, government might promote harmonization as part of its general communications with certification systems and international markets. Fostering mutual recognition of certification systems among buyers and buyers' groups might have a greater chance of success.

Either approach would require an in-depth analysis of variations and areas of compatibility among different systems as a basis for an argument for harmonization or mutual recognition. This requirement and the development and implementation of a promotion strategy would both result in costs to government.

Promotion of a pan-American system would require a cooperative approach between the Canadian and US governments and appropriate certification organizations, possibly with BC or Canadian Council of Forest Ministers staff acting as a catalyst to promote the concept. Once developed, such a system might face significant challenges gaining acceptance because it would primarily involve only two countries and might be perceived as a redundant alternative to the already well established PEFC. However, as certification is of such recent origin, there is considerable long-term potential for new approaches. A pan-American system could have particular potential in capturing the allegiance of North American buyers. Alternatively, government could engage in greater efforts to encourage accreditation of the CSA system by PEFC.

TABLE 19: IMPLICATIONS OF OPTIONS: HARMONIZATION AND MUTUAL RECOGNITION

Option	Advantages	Disadvantages
Promote Harmonization and Mutual Recognition of Certification Systems	• greater equity and uniformity among standards • increased government ability to adapt SFM approach to certification standards • reduced complexity and cost for licensees	• barriers to harmonization and mutual recognition created by significant variations among key systems • increased leadership role for government
Promote North American Equivalent to PEFC	• potential appeal to North American buyers	• limited to North America; may be perceived as redundant if PEFC expands to include NA systems

N Cost of Certification

(a) Issue

Government views certification as a voluntary and private arrangement, and licensees bear all costs of certification.

The process of applying for certification is both time-consuming and expensive. The cost of certification for different licensees and different standards is difficult to estimate because certification is so new to BC that there are relatively few examples of successful applications. Direct costs of certification (inspection and auditing) have been estimated to range between about 5 and 28 cents per hectare. Costs of licensing and auditing account for an additional 1 to 4 cents per hectare. Indirect costs, which generally exceed direct costs, include land manager preparation costs, including staff time to compile documents for review, resource and socioeconomic surveys, and changes in forest management practices.

Basic costs include the deployment of at least one full-time equivalent person to guide an application through the development and implementation stages, as well as resources needed to fulfill particular requirements of certification systems such as risk assessment, training, development of an environmental management systems manual and preparation of an SFM plan. Ancillary costs can include tasks such as elaborate handling procedures for separating certified and non-certified wood.

The experience of major licensees suggests that it takes over a year to develop and implement ISO 14001 certification, with overall costs ranging from $50,000 to $150,000. CSA certification is estimated to take one to two years at cost of more than $200,000, including ISO certification. Time and resource requirements for FSC certification are difficult to estimate, given that the development of regional standards is not complete. Annual costs of maintaining certification once it has been achieved have been estimated at $30,000 to $50,000 depending on the size of the organization and the extent to which systems such as training and auditing were in place prior to application for certification.[15]

The costs of certification for smaller operations are likely to be lower overall but typically are proportionately higher than for large licensees. A small licensee that obtained resource manager certification through FSC reported the total cost to be $32,000 in addition to future costs of meeting subsequent FSC conditions and conducting monitoring. It should be noted that resource manager certification is much less costly than other forms of FSC certification.

A community forest operation seeking FSC certification estimates it will cost between $10,000 and $20,000 for the services of the certifier, in addition to process costs such as community outreach, First Nations consultation, and mapping. Moreover, managing the operating area to minimize environmental impacts will result in higher than average operating costs that are not likely to be recognized through stumpage offsets.

Generally, the cost of certification is higher for Crown lands than for private lands because of the complex division of responsibilities between government and licensees. Because more than 94 percent of the land area of BC is under government administration, the cost of certification can be considerably higher in BC than in jurisdictions in other countries.

Because certification is time-consuming and costly some licensees are delaying decisions about proceeding with certification applications. According to some industry representatives, customers are telling industry that the Code compliance is not enough to satisfy their need to show "certification", and therefore it's only a matter of time till the Interior group will have to move more aggressively to protect markets. Given the time it takes to achieve certification and its ever-growing importance to the forest economy as a whole, according to major industry, these companies should be receiving every incentive possible to move quickly. The alternative is to watch industry slowly shut down as it did in the hemlock industry.

---

[15] Pricewaterhouse Coopers, "Small Business Forest Enterprise Program Certification Pre-assessment" for BC Ministry of Forests, 26 October 1999, p. 65.

A major frustration for licensees, according to both major industry and small licensees, is that applying for certification has become a cost of doing business simply to ensure continued access to markets. There is currently little evidence that a certified product brings a higher price in the market that demands it. Lumber prices have remained low to remain competitive with alternative building materials such as steel and concrete. While consumers may prefer to buy certified wood, they may not be prepared to pay an extra premium of 10 to 15 percent. Surveys suggest that consumers generally place greater emphasis on price and quality than on assurance that wood products come from sustainably managed forests. Consequently, for the licensee, certification is simply an additional economic cost without compensating benefits such as higher prices or increased stumpage allowances.

The current stumpage system comprises two primary schemes for determining rates: Comparative Value Pricing and Market Pricing. The Market Pricing scheme, which applies to the Small Business Forest Enterprise Program, is driven by auctions of standing timber and varies according to the price buyers are willing to pay. Comparative Value Pricing applies to major licensees, woodlot owners and community forests. Under this scheme, the Ministry of Forests conducts periodic surveys of licensee costs (corporate, overhead and operational) and audits licensee cost data. Discretionary costs such as advertising are not surveyed, but costs of certification are included. The results are averaged out and stumpage rates are adjusted by area. Thus, if there is a preponderance of licensees facing certification costs in the Prince George area, this should be reflected in the stumpage rate paid by area licensees. Thus, in effect, the current stumpage system does take into account both operational and processing costs in very general terms, although it does not single out individual licensees.

For some licensees, the sense that they incur extraordinary costs in the pursuit of certification without offsetting benefits is compounded by the feeling that government is the real long-term beneficiary. It will continue to obtain revenues because of the efforts of licensees to keep market access open through certification. In addition, by fulfilling certification requirements such as First Nations consultation, public advisory processes to develop criteria and indicators for sustainable management plans, and post-certification monitoring and dispute resolution, licensees may assume certain responsibilities that have traditionally rested with government, thereby relieving it of some of its load. Some argue that certification can also result in direct economic benefits to government and society by resulting in a higher ratio of employment per cubic metre harvested, producing more multiple benefits from a greater variety of forest resources (e.g., habitat, water, recreation) than conventional forestry, and support a thriving value-added processing sector that currently have to go to the US to obtain certified wood. It is not yet possible to test the validity of these assertions on the benefits of certification. However, if this is true, these points would argue in favour of government bearing some of the costs of certification, since government also shares in the benefits.

(b) Options for Addressing the Cost of Certification Issue

Some participants (certifier, ENGO, government agency) felt that it is not generally appropriate for government to assist applicants with the cost of certification. One suggested larger companies should be taking into account the social and economic costs of sustainable forest management as a cost of doing business; if they aren't doing so they should not be viable with or without certification. Nevertheless, all of those opposed to across-the-board assistance identified special circumstances in which government should step in to assist applicants (e.g., help to small operations with disproportionately high costs, recognition of increased operational expenses).

Certification applicants face both process and operational (on-the-ground) costs during three stages of certification: preparing to apply for certification; going through the application process (audit), and implementing certification standards at the operational level.

(I) Reduce Applicant's "Certification Readiness" Costs

Under this option, government would adopt a broad range of initiatives to lay the groundwork for successful certification applications, thus helping to reduce the costs licensees face in developing readiness for certification.

Other parts of this report discuss broad-scale initiatives such as tenure reform, First Nations agreements and Code implementation that, if undertaken, in the long run could be expected to lower costs of certification by placing licensees in a better position to meet the most fundamental requirements of certification systems. In addition, participants made further suggestions such as those described below.

Stakeholder Input on Costs of "Readiness for Certification":

Government should:

- ensure that an appropriate infrastructure is in place for facilitating certification (e.g., planning, data inventories, monitoring systems, a justifiable rationale for AAC determination, protected areas planning, better communications). (certifier)
- lay the groundwork for group certifications, especially for smaller businesses, thus spreading out the cost among individual applicants. (certifier)
- make the transition from a rules-based to a results-based Code (major industry, small business), thus enabling licensees to adjust their practices to comply more easily with both government and certifiers' requirements

The implications of implementing these suggestions are described in the sections of Part I that deal with each of these issues.

(II) Reduce Application Process Costs

The suggestions described above, if implemented, would not only increase readiness for certification but could also reduce the cost of the application process. In addition, participants suggested that government could decrease the burden on licensees by: developing provincially-endorsed SFM criteria and indicators (discussed in Part II, section E); offsetting archaeological / traditional use assessment costs; and enhancing government staff coordination (discussed in Part II, section J)

Stakeholder Input on Reducing Application Process Costs:

Government should:

- assist with the development of a core set of criteria and indicators that licensees can use to conduct assessments during the application process. (certifier)
- assist with the cost of archaeological assessments in First Nations territories and, in preparation, expanding government efforts to conduct traditional use assessments. (major industry)
- expand cooperation by regional and district staff (most sectors)

(III) Reduce Operational Costs Associated with Certification

Government would adjust the stumpage system to ensure that it is more sensitive to individual licensees' operational costs of implementing certification, and is sensitive to the proportionally higher certification costs of small operators.

Several participants suggested that government should provide some form of stumpage relief to certification applicants in recognition of the higher operating costs associated with certification. Stumpage relief would recognize the higher operating costs associated with certification, as well as the added cost of annual monitoring. It would also acknowledge the benefits to government both in maintaining market access and improving sustainable forest management. The current stumpage calculation system makes it difficult to recognize additional costs for individual licensees because it is based on averages. A revised stumpage appraisal system could attempt to ensure greater sensitivity to individual operating costs whether or not a licensee is certified, as well as sensitivity to the proportionally higher certification costs faced by smaller operators, especially those who enhance sustainable forestry through practices such as selective harvesting.

An alternative or additional approach, relief from certain regulatory requirements (e.g., streamlined cutting permit approvals and elimination of the requirement for silviculture permit approvals), is discussed in some detail in Part II, Section E.

Industry participants also suggested that close cooperation by regional and district staff needs to continue through the implementation and monitoring stage. This should include assistance with interpreting and meeting implementation and monitoring conditions that may tax the resources of smaller operators in particular. For instance, licensees may lack the skills and experience to establish the dispute resolution mechanism required by FSC, and government could provide useful advice for its establishment and implementation.

Higher product prices would also offset the burden of certification costs. To promote greater customer acceptance of higher prices for certified wood, government could work towards increasing consumer understanding of the public benefits of paying premium prices for certified wood, as part of the communications initiative proposed in Section I. As the amount of certified product reaching the market continues to increase, buyer acceptance of higher prices will be vital and should in turn result in increased returns to licensees.

Stakeholder Input on Certification Operational Costs:

Government should:

- provide stumpage relief to certification applicants in recognition of the higher operating costs associated with certification. (small business, certifiers, woodlot manager, community forest association
- ensure stumpage system is more sensitive to individual operating costs whether or not a licensee is certified (certifier) and sensitive to the proportionally higher certification costs faced by smaller operators, especially those who enhance sustainable forestry through practices such as selective harvesting (ENGO, woodlot managers, community forest associations)
- provide relief from regulatory requirements for licensees that meet threshold levels of performance as confirmed through independent certification audits. (major industry)
- ensure close cooperation by regional and district staff with licensees through the implementation and monitoring stage. (major industry, small licensees)
- increase consumer understanding of the public benefits of paying premium prices for certified wood. (certifier)

Implications of Reducing Operational Costs Associated with Certification

Financial assistance by government to reduce operator's operational costs could occur primarily through stumpage adjustments. As mentioned above, the stumpage system already has a system to recognize costs insofar as certification costs are included in licensees' overhead costs for the purposes of determining stumpage, although the current system compensates licensees through an area average rather than individually. Reform of the stumpage system to address some aspects of certification costs may or may not be required, but any regulatory amendment that significantly incorporated certification processes would need to be preceded by an in-depth assessment of the ramifications of change. Stumpage adjustments based on certification status or on distinctions between large and small operators would raise concerns about unjustifiable discrimination and may be difficult to defend and administer. Tying stumpage rates to operating costs, however, would provide a means of basing rates on measurable criteria and create administrative certainty, provided they applied to non-certified as well as certified applicants. Such an approach would benefit certified licensees and small operators experiencing higher operating costs resulting from alternative harvesting systems and protection of multiple forest values. Proposals for stumpage reform would require a close assessment of the potential of stumpage breaks being perceived as licensee subsidies resulting in trade barriers.

TABLE 20: IMPLICATIONS OF OPTIONS: COSTS OF CERTIFICATION

Option	Advantages	Disadvantages
Reduce Operator's Operational Costs (through stumpage offsets)	• increased incentive for licensees to apply for certification • stable revenues rooted in enhanced access to markets • greater equity for high-cost operations	• cost of system reform • reduced stumpage revenue • possible violation of trade agreements through subsidy • perception of discrimination among licensees facing proportionately higher stumpage

O Value-added Access to Certified Wood

(a) Issue

BC's timber harvesting rights are concentrated in the hands of a relatively small number of large, integrated companies that own both Crown timber tenures and processing facilities. Currently, ten large forest companies hold about 56% of the provincial AAC. Fibre from major licensees' Crown tenures (and other sources) is manufactured at their processing facilities into a variety of forest products, primarily commodity lumber grades and pulp, paper and newsprint. Another characteristic of BC's forestry sector is a current overcapacity in processing facilities in both the saw-milling and pulp and paper sub-sectors, especially on the coast. As harvest levels in some management units decline over time, overcapacity is expected to become a more prominent issue.

In combination, these two factors can limit the extent to which smaller, independent value-added operators can obtain wood supplies for their milling / manufacturing businesses. The majority of BC's fibre supply is directed by major licensees towards their own mills, and limited wood supply that is produced by major licensees is accessible to the smaller processors. Volume that is harvested through government's Small Business Forest Enterprise Program is a main wood source for independent value-added businesses.

Although government and industry have recently adopted measures to increase wood supplies for independent remanufacturing operations, those amounts are comparatively limited, and access to certified wood supply is far more limited. This constrains the ability of operators to pursue business opportunities to develop and market products that are manufactured from certified wood.

A related issue for some value-added producers is the cost of handling certified wood supplies. Operators that wish to market certified wood products with an eco-logo must obtain a chain of custody certification to verify that their wood sources come from sustainably managed forests. If only a limited supply of certified wood is available, operators must develop complicated and expensive wood handling procedures to keep their certified and non-certified wood supplies separate. If far more certified wood supply was available to these operators their costs of maintaining chain of custody certification would reduced.

(b) Options for Addressing the Issue

Two options were suggested by stakeholders in response to the chain-of-custody certification / access to certified wood supplies issue. These are described and assessed below.

(i) Reallocate Wood Supplies

This option aims to facilitate FSC chain-of-custody certifications by increasing the amount of wood that is available for small, area-based forest management operations. The argument is that small forest management operations are inherently more suited to the FSC brand of certification and that substantially increasing the number of these operations government would facilitate the creation of a market in certified logs. Small operators normally do not have enough volume to make running their own mills an economic proposition; thus, they would offer their certified logs onto the local market. The assumption is that an increased availability of certified wood will enable value-added producers to have access to certified wood and to pursue chain-of-custody certification, in response to market demand.

Stakeholder Input on Reallocating Wood Supplies:

- re-distribute a portion of major forest licensees' volume to a mix of smaller operators (in exchange for area-based rights) as a means of creating a log market where sellers and buyers of certified and non-certified forest products may interact (major industry)
- if BC had a healthy, large inventory of smaller forest operators and value-added producers, achieving certification would happen naturally and smoothly without the need for a lot of government meddling (small licensee)
- value-added processors have no access to the land base and therefore cannot themselves be certified forest managers. To facilitate eco-labelling of value-added forest products, government must wrestle some of the volume away from the major licensees and get it into the hands of the many groups that are demanding wood supply (community forests, First Nations, wood lot owners, small contract loggers in the SBFEP). These small forest managers do not normally have mills of their own to feed and, therefore, a reallocation of harvesting rights will result in both FSC certification of forestry operations and creation of a market for certified wood. In turn, this will lead to chain-of-custody certifications (value added processor)
- employ the 5% take-back provision to place increased volume into the hands of small forest managers who will then make their certified volume available to value-added processors, which can stimulate growth in that sector and facilitate chain-of-custody certifications (ENGOs, certifier)
- any reallocation of timber rights towards small forest managers (in an effort to increase FSC certified wood supplies), must include reallocation to SBFEP. It will be most effective if holders of this reallocated timber can direct the volume to new specialty mills; otherwise there will be no impact on the value-added sector (certifier)
- the focus of large companies is on cheapest management rather than SFM; this is especially true where trans-nationals control operations. Government needs to look at ways of separating woodlands operations from manufacturing operations (small licensee)

Implications of Reallocating Wood Supplies

The socio-economic and environmental Implications of taking volume from existing forest managers and reallocating it to a number of small enterprise operators such as community forests, First Nations, wood-lot operators and SBFEP contract loggers are described in Part II, Section A, Option iii, Tenure Conversion.

It is possible that this option would, over the longer term, create an environment that would encourage the expansion of both the value-added sector and chain-of-custody certifications. It is by no means a certainty, however, that this would happen. For example, with reduced volume to feed their mills, existing large, integrated licensees may be even more competitive in their efforts to acquire wood supply. They may be able to out-bid small, independent value-added businesses for the purchase of certified wood that comes onto the market. If this were to happen, there would likely still be an expansion in the value-added sector and in chain-of-custody certifications. They would, however, likely occur within the existing industrial structure and not result in the creation of many new value-added businesses.

(ii) Widespread Forest Certification

This policy option essentially calls on government to adopt an aggressive policy and program to encourage forest certification implementation in BC. Government would move to have all SBFEP wood supply certified under one or more certification systems and would strongly encourage licensees to pursue certification. This encouragement might include putting into place the kind of regulatory platform that facilitates certification implementation, and also potentially offering incentives for individual companies to become certified.

The rationale for taking these steps would be to create widespread availability of certified fibre, which would be expected to stimulate expansion / diversification in the value-added sector and also lead to increased efficiencies in the sector.

Stakeholder Input on Encouraging More Widespread Forest Certification:

- as a certified forest manager, I can grow certified logs and get them scaled at a registered site, and as the holder of a chain-of-custody certification for my small sawmill, I can mill the wood into rough lumber and kants and pass them on with the eco-logo. But, if I want to get that material kiln dried or planed, or remanufactured into a different product, I can't because there are no such operators around that also have chain-of-custody certification. There needs to be a critical mass of certified wood supply in order to encourage / enable value-added operators to obtain chain-of-custody certification. Unless forest certification happens at a larger scale, it will always be too inefficient to pursue chain-of-custody certification. (small licensee)
- buyers are looking for certified finished product, not round wood or rough sawn material. You have to have enough wood supply out there for chain-of-custody certifications to happen, or you will not be able to satisfy what the market is after (small licensee, value added processor)
- if all our chip supplies were certified then there would be no need for separate elaborate procedures for handling certified chips. This would lower per unit costs. MOF should be actively pursuing certification for all of its SBFEP wood supply, and encouraging all companies to get certification. We should have a public policy saying that by a certain time, BC will have 95 per cent of its fibre certified (major industry, value-added processor)

Implications of Widespread Forest Certification

The option and implications of having a strong government policy on a forest certification target are described in Part II, Section H, "Policy Position on Certification". In addition to those comments, an aggressive government program to facilitate forest certification implementation should, in general terms, produce the benefits anticipated in obtaining widespread certification (i.e., sustained / increased access to markets, community stability, corporate profitability, government revenues, etc.) It is likely that chain-of-custody certification success would also be enhanced, although the extent of this is difficult to anticipate. There would be costs to government and industry in pursuing an aggressive certification policy / program, the magnitude of which would depend on the nature and scale of the policy / program.

TABLE 21: IMPLICATIONS OF OPTIONS: ACCESS TO CERTIFIED WOOD

Option	Advantages	Disadvantages
Reallocate wood supplies	• may facilitate FSC certification success as a result of resolution of 'defined forest area' issue • may lead to value-added sector expansion and increased chain-of-custody certifications in longer term	• short-term socio-economic impacts / dislocations • potential compensation costs to existing licensees if reallocation not voluntary • may not necessarily result in significant diversification of the sector if large integrated companies can out-compete small, independent value-added producers for certified logs
Widespread forest certification	• may lead to value-added sector expansion and increased chain-of-custody certifications in longer term • potential benefits of sustained / increased access to markets and associated community stability, corporate profitability, government revenues, etc.	• costs to industry and government associated with pursuing an aggressive certification program / policy

APPENDIX 1: SUMMARY OF STAKEHOLDER COMMENTS ON FOREST CERTIFICATION IMPLEMENTATION IN BC

This appendix describes the "main themes" that various sectors with an interest in forest certification implementation in BC conveyed to the study consultants. Note that the individuals who contributed their views to the study were not invited to do so as "sector" representatives. Stakeholder comments were organized by sectors for analytical purposes only.

*1. **Major Licensees** (including forest products manufacturers and forest industry consultants)*

- gov't must become 'fully engaged' on certification
- provide supportive staff resources
- promote inter-jurisdictional equity on standards, and mutual recognition of systems
- promote / explain BC practices to outside groups
- convert to area-based tenures in longer-term; in short-term overlay IFPAs, or allow SFMs / AACs for individual operating / chart areas
- cooperative development of SFM plans for TSAs
- prepare Crown land plans that facilitate certification
- continued / enhanced rigor in TSR planning
- develop SFM performance measures (indicators), as basis for results-based regulation
- collect / upgrade inventories needed for audits
- expedite treaties and economic partnerships with First Nations

*2. **Smaller Operators** (including woodlot operators, community forests representatives, small business licensees and private forest land owners)*

- adopt policy position favouring "real" SFM and small, community-based operators
- provide supportive field staff resources
- offset certification costs through stumpage allowances
- reallocate volume to small, community based operators, licensed under area-based tenures
- provide long-term, area-based tenures under SBFEP
- complete / implement Crown land plans
- give operators flexibility to harvest at levels they decide
- provide information needed for planning and auditing
- encourage relationship building with First Nations

3. *Value-Added Processors*

- adopt assertive certification policy, including gov't certification of SBFEP areas
- provide objective / neutral information on BC's practices to outside groups
- offset extra costs associated with certification
- allocate more volume to small operators, (community boards, small business operators, First Nations, woodlots), under area-based tenures
- use 5% 'take-back' mechanism to obtain volume
- direct re-allocated volume to new specialty mills
- where cooperative SFM plans developed for TSAs, include SBFEP licensees
- reduce AACs over long timeframe to minimize impacts
- move towards results-based regulatory model

4. *Certification Auditors / Organizations*

- adopt supportive policy on certification, but keep appropriate distance
- supportive staff resources
- more community control / tenures (to facilitate FSC certification)
- shift to area-based tenures
- prepare SFM plans for all TSAs
- implement Crown land plans (strategic and landscape unit) in ways that will facilitate certification
- improve rigor / rationale in AAC decision-making
- base AACs on ecologically-based SFMs (to facilitate FSC certification)
- improve inventories needed for monitoring criteria and indicators (e.g., non-timber values)
- develop SFM performance indicators that align with certification measures
- address First Nation land issues, and encourage economic partnerships with First Nations

5. *Environmental Community*

- adopt supportive policy that recognizes legitimacy of outside audit
- fully implement Code and Crown land plans without timber supply caps
- encourage support for certification within ministries
- allocate wood supply to small, community-based operators, licensed with area-based tenures

- reduce AACs to sustainable levels based on scientific rationale, and exclude HCV forests
- don't penalize licensees for under-cutting
- develop set of SFM ("early warning") indicators
- expedite treaties, build First Nations' capacity, and encourage economic partnerships / revenue sharing

6. *First Nations*

- resolve land question by recognizing title / rights per Delgamuukw
- enter into co-management agreements that confer real decision-making power and create equity
- observe / implement advice contained in "Stevenson" legal memorandum ("Legal Memorandum regarding Principle 3 of the Forest Stewardship Council's Principles and Criteria", June 2000, Mark Stevenson and Albert Peeling)
- provide share of stumpage revenues
- increase capacity — to enable meaningful consultation
- fund TUS and archaeological assessments
- provide information on pros / cons of alternative certification systems
- make stumpage system sensitive to extra costs of certification
- provide short-term (SBFEP) tenure holders with longer tenures
- involve each First Nation in certification processes in traditional territories
- offset First Nation's costs of reviewing certification applications

7. *Labour*

- perform inter-jurisdictional comparisons of standards to assess equity
- address potential abuse of certification as non-tariff trade barrier (with trade organizations)
- sponsor pilot project on creating legal entity (e.g., cooperative) for developing SFMs for TSAs, and obtaining certification on behalf of its members
- develop results-based performance measures and harmonize those with certification performance measures

8. Government Staff

- adopt supportive, proactive policy that is neutral towards individual systems
- "re-balance" current SFM policy to place less emphasis on timber supply
- educate certifiers on BC context and necessity for government participation in applications
- provide neutral information on BC's performance (e.g., state of forests) to external groups
- perhaps provide 'regulatory relief' to certified licensees, but don't replace government regulation
- options for addressing volume-based tenure issue: (1) cooperative SFM plans, (2) encourage / require licensees to form consortium, (3) covert to "single operator" area-based agreements. Try all options.
- continue to address land use issues through planning processes, not certification processes.